

A stylized map of Southeast Asia and Australia, rendered in white outlines against a dark blue background. The map includes the Philippines, Indonesia, Malaysia, and Australia. The background features a subtle pattern of red lines forming a grid of triangles and hexagons.

Invested:
Australia's Southeast Asia
Economic Strategy to

2040

A report for the Australian Government
by **Nicholas Moore AO**

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Foreword

In November 2022, I was honoured to be asked by the Prime Minister to lead the development of a national strategy for greater trade and investment between Australia and Southeast Asia.

Australia's prosperity and security is intimately linked to the prosperity and security of its neighbours, and their security and prosperity is similarly linked to ours. Australia has much to offer the region through trade and investment, and we can play a key role in helping maximise the prosperity of our neighbours.

While the countries of our region are extraordinarily diverse, what unifies them is their keen sense of being neighbours, including the importance they attach to strong regional architecture centred on ASEAN. This strategy has a range of general recommendations to boost economic engagement between Australia and Southeast Asia, as well as specific recommendations for each country.

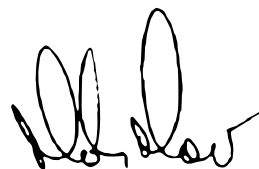
With the region expected to continue its strong economic growth (at a forecast compound average growth rate of 4 per cent to 2040), the purpose of this strategy is to make recommendations that will see our economic ties deepen and broaden. While Australia is closely engaged in the region, including through a network of trade agreements, we can do more to boost trade and investment. Australia's direct investment into Southeast Asia has stagnated in recent years, while overall direct investment into the region from other countries has increased materially.

Australia is well placed to accelerate our economic engagement with Southeast Asia. We have the potential to be a substantial investor due to our well-capitalised corporate sector, our deep and sophisticated capital markets, and our substantial national savings pool, including our superannuation

industry. If attractive opportunities are available, these savings could be available for direct investment, as well as supporting Australian companies with sound investment plans. There are also significant opportunities to boost our trade relationship to help meet the needs of businesses and consumers throughout the region.

This strategy has been guided by extensive consultations with stakeholders across Australia and the region, including in business, government and the not-for-profit sector. As part of this process, we received around 200 written submissions and spoke to over 750 people in consultations. The consultation process was supported by extensive analysis to highlight the current state of trade and investment and identify future opportunities in the region. The volume and tone of the responses provide a strong basis for optimism, and underscore the vital role the Australian Government has in assisting this development.

Boosting trade and investment will require a long-term effort from both business and government through to 2040 and beyond. The strategy should be reviewed annually to examine outcomes and to take account of changing circumstances. With the right approach, we can realise the extraordinary opportunities our region presents.



Nicholas Moore AO

Special Envoy for Southeast Asia

1 September 2023

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Introduction

Southeast Asia is a major opportunity for Australian business.

The region and Australia share bright economic growth prospects, geographical proximity, economic complementary, and a need for trade diversification.

This provides a strong basis to significantly expand commercial links, which will advance mutual prosperity and security. More trade and investment means more and better-paid jobs and national income.

In recent years, Southeast Asia has been one of the fastest-growing global regions, and all its settings – demographics, economic openness, political stability, and ambition – mean it will drive global economic growth through to 2040 and beyond.

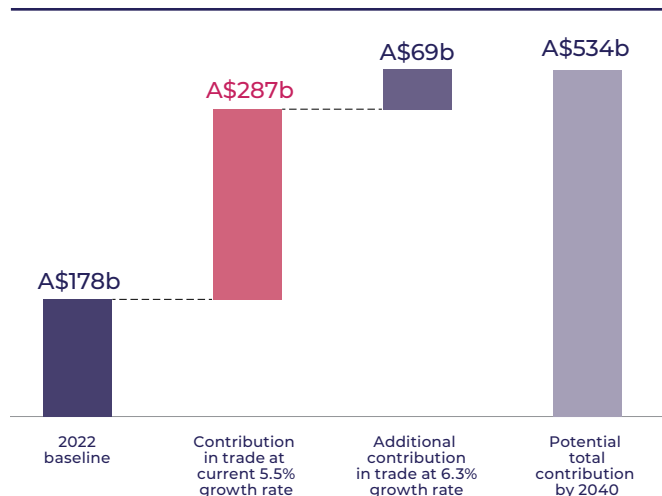
Australia stands to benefit from, and contribute to, this growth by being a reliable and high-quality supplier of commodities, including agriculture, minerals and energy, and as a provider of first-class services, particularly university education. There are also major opportunities for Australian business in meeting the region's major infrastructure investment and green energy transition needs. Population growth, including an increasingly large and affluent middle class, and urbanisation trends will create growing demand for a wider range of goods and services. There will also be an important role for small to medium-sized enterprises (SMEs) as key sources of innovation and employment.

Australian businesses and institutions have never been more globally competitive and capable of providing the goods, services and skills needed in this rapidly growing region. They also have the financial strength to support substantial investments and operations in the region, including through the A\$3.5 trillion and growing superannuation industry.

At the same time, Australia's own economic size, impressive growth record, highly skilled workforce, and emerging needs all provide scope for a major expansion of Southeast Asian exports and investment into Australia.

The size of the opportunity is considerable: if two-way trade continued to grow at around the 20-year compound average growth rate of 5.5 per cent, total trade would be around A\$465 billion in 2040, an increase of A\$287 billion on current levels. But if trade growth could be boosted to 6.3 per cent, total trade would triple by 2040.¹

Figure (a)
Potential value of two-way trade between Australia and Southeast Asia by 2040



Source: Department of Foreign Affairs and Trade (DFAT), [Direction of Goods and Services Trade, July 2023](#); DFAT analysis.

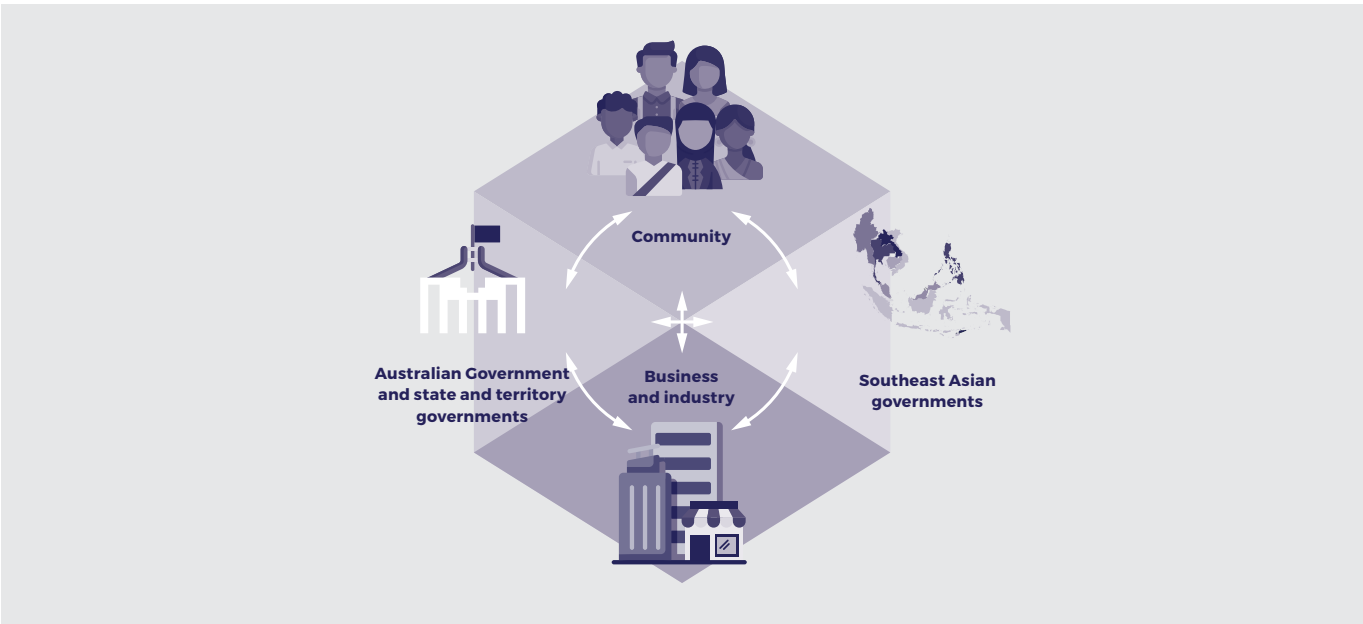
The region needs considerable capital investment. For example, by 2040 the region will require an estimated \$3 trillion in infrastructure investment,² and have similar needs for green investment.³ This will provide major opportunities for Australian investors.

But none of this is assured. While Australia's trade with the region has grown in nominal terms over the past 20 years, the proportion of total trade has remained constant at around 14 per cent. Australian investment in the region is underweight, and growth in foreign direct investment has stagnated in the past decade.

Special Envoy for Southeast Asia, Mr Nicholas Moore AO, has led the development of this Southeast Asia Economic Strategy to 2040 to identify a path to increase two-way trade and investment.

National governments have an important role to play with investors and business, and concerted engagement is required. The Australian Government will work with Southeast Asian counterparts, Australian state and territory governments, businesses and communities. In Australia, ensuring an open and competitive economy, strengthened by streamlined regulation and improved access to skilled human capital and technology, will be important for improved trade and investment performance.

A whole-of-nation effort with our region



Required actions

This strategy outlines four categories of actions that are necessary to realise the commercial potential between Australia and Southeast Asia.

 Raise awareness to address a lack of knowledge of markets, sectors, and declining regional literacy.	 Remove blockages to address tariff and non-tariff barriers, including through mutual recognition of qualifications and standards harmonisation, managing risks and enhancing mobility.	 Build capability to ensure Australia and the region have the skills and capability to pursue opportunities and address economic challenges.	 Deepen investment to promote economic growth and prosperity.
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These required actions frame an examination of 10 key industry sectors: agriculture and food; resources; green energy transition; infrastructure; education and skills; visitor economy; healthcare; digital economy; professional and financial services; and creative industries. These sectors offer the most potential for greater commercial activity between Australia and Southeast Asia.

Recommendations: A total of 75 general and sector-specific recommendations are presented for consideration by the Australian Government and other stakeholders. A snapshot of the key recommendations is set out in the matrix immediately following this introduction.

A full list of recommendations is at Appendix B. The strategy also contains – for Australian action – Southeast Asia country-specific plans. Progress against the strategy’s targets should be reviewed annually through the Australian Government’s Trade 2040 Taskforce, or another mechanism.

Scope: This strategy covers Australia’s relationships with the countries of Southeast Asia: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Timor-Leste and Vietnam (nine existing member states of the Association of Southeast Asian Nations [ASEAN] and Timor-Leste). Myanmar is not covered in this strategy due to the ongoing crisis.

Key recommendations



Raise awareness

- National Cabinet should consider developing a whole-of-nation plan to strengthen Southeast Asia literacy in Australian business, government, the education and training system, and the community.
- Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers.
- Australian Government to work with states and territories, and business to ensure a coordinated approach to promoting Australia, leveraging and building upon the Nation Brand.
- Australian Government to work with the ASEAN Secretariat and business to examine an ASEAN trade, investment and tourism promotion campaign in Australia.
- Develop a strategy to engage with Australia's Southeast Asian diaspora to inform efforts to deepen SME business links with the region.
- Australian Government to invest in education promotion across Southeast Asia to raise awareness of Australia's offerings and attract more Southeast Asian students.
- Expand tourism promotion and build industry capability to meet Southeast Asian demand.



Remove blockages

- Continue exploring opportunities to reduce regulatory burden under the Foreign Investment Review Board (FIRB), as the foreign investment framework regime allows, and seek reciprocal action in the region.
- Establish a single-door concierge service to facilitate inward foreign investment.
- Australia's Trade 2040 Taskforce, in collaboration with Southeast Asian partners, to review the scope of existing FTAs to determine priorities for agreement upgrade negotiations.
- Expand collaboration on trade rules and standards harmonisation with Southeast Asian partners.
- Australian Government to implement the Migration Strategy and associated reforms to improve the visa system to facilitate mobility.
- Australian Government to prioritise updates to air services agreements and explore reciprocal open skies agreements with interested Southeast Asian partners where in the national interest.
- Australian and Southeast Asian governments to increase cooperation with professional bodies and education providers on qualifications recognition.



Build capability

- Extend government-to-government technical assistance to other Southeast Asian countries through a new government-to-government partnerships program and other mechanisms.
- Develop a regulatory framework to facilitate intra-regional hybrid training and work mobility programs in high-priority industry sectors.
- Establish a new public and private sector multi-country program to arrange professional exchanges and internships at the company or organisation level.
- Increase whole-of-government trade and industry policy and commercial engagement capability in Australia's Southeast Asia diplomatic missions and in Australia to assist Australian businesses to use FTAs and deliver market access.
- Establish a targeted program to support Australian First Nations businesses to increase trade and investment with the region.
- Australian Government to encourage universities and vocational education providers to offer work-integrated learning internships as part of course offerings to Southeast Asian students.
- Australian Government to coordinate a whole-of-nation initiative to better engage alumni, including a scheme for connecting alumni with Australian and Southeast Asian businesses.



Deepen investment

- Australian Government to establish a strategic investment facility for Southeast Asian infrastructure projects, utilising Export Finance Australia and other government-supported funding sources.
- Establish new investment 'deal teams' for Southeast Asia, blending private sector and Australian Government capabilities to provide outward investment (including financing) services.
- Australian Government to extend Partnerships for Infrastructure and expand into early-stage project preparation support.
- Australian Government to work with industry to fund a Southeast Asia research grants scheme in areas of mutual interest with Southeast Asia.
- Australian Government to consider establishing Austrade Landing Pads in Indonesia and Vietnam to support Australian tech companies, similar to Austrade's Landing Pad in Singapore.

01

Why Southeast Asia?



Key points

- By 2040, Southeast Asia will be an economic powerhouse fuelled by favourable demographics, industrialisation, urbanisation and technological advances.
- Southeast Asia (as a bloc) is projected to become the world's fourth-largest economy by 2040, after the United States, China and India, with an expected compound annual growth rate of 4 per cent between 2022 and 2040.⁴
- A large and growing population will lead to greater spending on lifestyle, education and housing, while there will be increasing demand for health and aged care services.⁵
- By 2040, projections suggest that – based on the after-tax income of households – the potential consumer market in Southeast Asia will be 10 times larger than Australia's.⁶
- Australia's trade and investment growth with the region have not kept pace with Southeast Asia's economic growth over the past 20 years.
- Developments in key sectors provide opportunities to significantly increase Australia – Southeast Asia trade and investment.

Opportunity and necessity

Southeast Asia is at the centre of global growth. The region presents major economic opportunities for Australian business over coming decades.

Southeast Asia is a development and economic success story. In 2022, Southeast Asia's combined nominal gross domestic product (GDP) of around US\$3.6 trillion was larger than the economies of the United Kingdom, France or Canada, and around twice the size of the Australian economy.⁷

This remarkable development is set to continue, with compound annual GDP growth projected at around 4 per cent until 2040, while developed economies are likely to average GDP growth of 1 to 2 per cent.⁸ By 2040, Southeast Asia as a bloc is likely to be the fourth-largest economy in the world.⁹ Fifty-five per cent of the region's 687 million population is under the age of 35, and this youthful demographic forms a base for a large, productive working-age population to 2040 and beyond.¹⁰

Southeast Asia's middle class, already numbering at least 190 million people, will continue to expand.¹¹ This cohort will seek higher-value products and services, including in healthcare, education, financial technology, and premium food and beverages.

Australia's post-World War II prosperity has been a consequence of successive waves of industrialisation and urbanisation in Japan, the Republic of Korea, Taiwan, China and India. Australia has also benefited from, and contributed to, Southeast Asia's growth and stability, boosting national income and creating jobs.

Looking ahead, Australia has the capabilities to help the region meet its goods, services, skills and capital needs. Australia will also benefit from further Southeast Asian investment and exports.

Southeast Asia's continued economic success is critical for Australia's prosperity and security. The region is facing growing geostrategic competition. Supply chain diversification is in the region's and Australia's mutual interests. Expanding economic linkages between Australia and Southeast Asia provides choices and creates shared wealth, contributing to a strategic equilibrium. This, along with upholding international rules and norms, will help underpin enduring peace and economic growth in the region.

In pursuing opportunities, Australia and Southeast Asian nations have a solid foundation on which to build. Economic links and cooperation have existed between Australian First Nations peoples and regional communities for centuries. Most recently, two-way trade between Australia and Southeast Asia was worth around A\$178 billion in 2022, larger than Australia's trade with the United States.¹²

Australia is part of a web of bilateral and regional free trade agreements with Southeast Asia, including the Agreement Establishing the ASEAN – Australia – New Zealand Free Trade Area (AANZFTA) and the Regional Comprehensive Economic Partnership Agreement (RCEP).

There is much more Australia and the region can, and should, be doing to boost their economic relationship. Australia's trade and investment with the region has not kept pace with the growth of Southeast Asian economies. As a near neighbour, and with significant economic complementarities, Australia should be a larger trade and investment partner of Southeast Asia.

Further diversification of trade partners and products is critical for Australia's long-term national economic resilience. Over-reliance on a few markets presents long-term structural risks for any economy and business, and the COVID-19 pandemic and geopolitical and geoeconomic headwinds of recent years have underlined the need for trade and investment diversification.

To realise the potential in the years to 2040, investment across business and government will be needed. For Australia, an active, whole-of-nation effort will be required to make the most of current and emerging opportunities. If Australia fails in this, it will not be possible to maintain the status quo as the Southeast Asian economies grow relative to the Australian economy, and other competitors intensify their trade promotion and investment activities.

It will be necessary to address various obstacles, including a lack of business awareness, barriers, and the opportunity costs of business with the region and Australia vis-à-vis other alternatives that have limited commercial ties to date. There is a role for governments – in Australia and in Southeast Asia – to do more to help address perceptions of risk, to remove barriers, and create more-enabling business environments.

That is why this strategy is important. It outlines the actions that need to be taken to translate Southeast Asia's economic potential into greater opportunities for Australian businesses and investors, in partnership with the region's businesses and communities. These actions will be integral to increasing Australia's and Southeast Asia's economic growth and resilience and to advance our shared interests in a secure and prosperous region.

The existing trade relationship

In 2022, Australia's two-way trade in goods and services with Southeast Asian countries was second only to Australia's trade with China (Figure 1.1).¹³

Our biggest export sector to the region is minerals and fuels (Figure 1.2).¹⁴

While the nominal value of Australia's two-way goods and services trade with Southeast Asia has grown steadily, its share of Australia's overall trade has not changed in over 15 years (Figure 1.3).

In nominal terms, total Australian trade grew by an average of 5.5 per cent between 2001 and 2021; however, during this period the average economic growth rate in the region was 8.5 per cent.¹⁵

Australia is a relatively small external trading partner for Southeast Asia. Australia ranked as ASEAN's eighth-largest two-way goods trading partner in 2022, representing just 3.4 per cent of the bloc's goods trade.¹⁶ Australia's proportion of

total Southeast Asian trade has remained relatively constant over the past 20 years.¹⁷

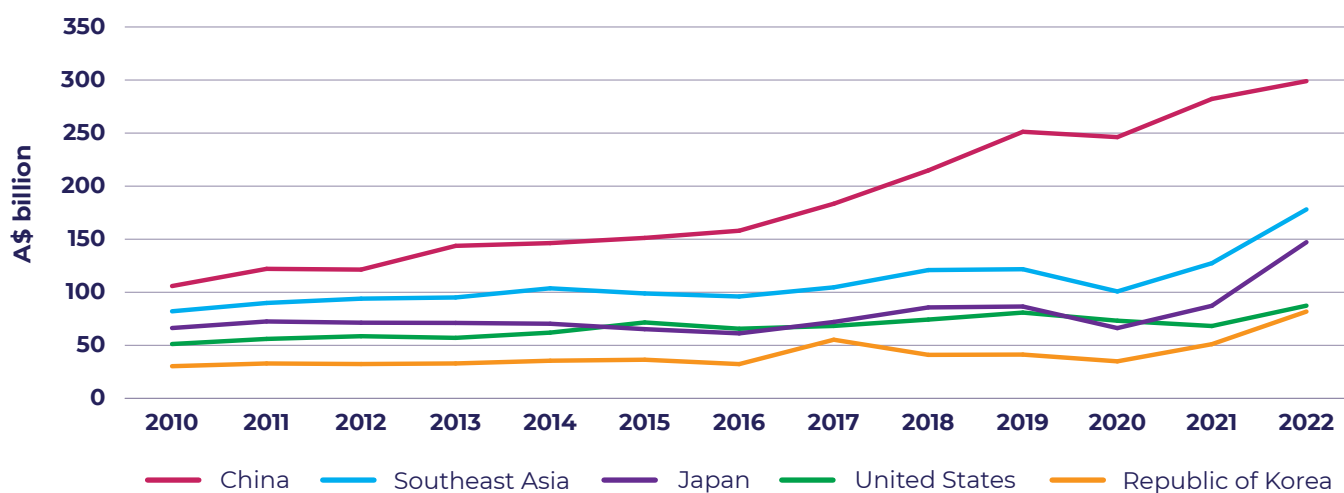
Growth in Australia's trade has been uneven across categories, with goods trade growing by an average of 7.7 per cent over the past two decades, while average growth in services trade has lagged at 4.7 per cent.¹⁸

Australia's export trade is concentrated narrowly, with a relatively small number of exporters dominating trade in key regional markets. Approximately 250 exporters drive over 90 per cent of Australian merchandise exports to Southeast Asia.¹⁹ And of Australia's top 500 exporters, fewer than 40 per cent have any meaningful exports to Southeast Asia.²⁰

While Australia's trade performance with the region has been consistent, it has not kept pace with Southeast Asia's GDP growth and is not sufficiently diversified to maximise benefit from the emerging opportunities.

Figure 1.1

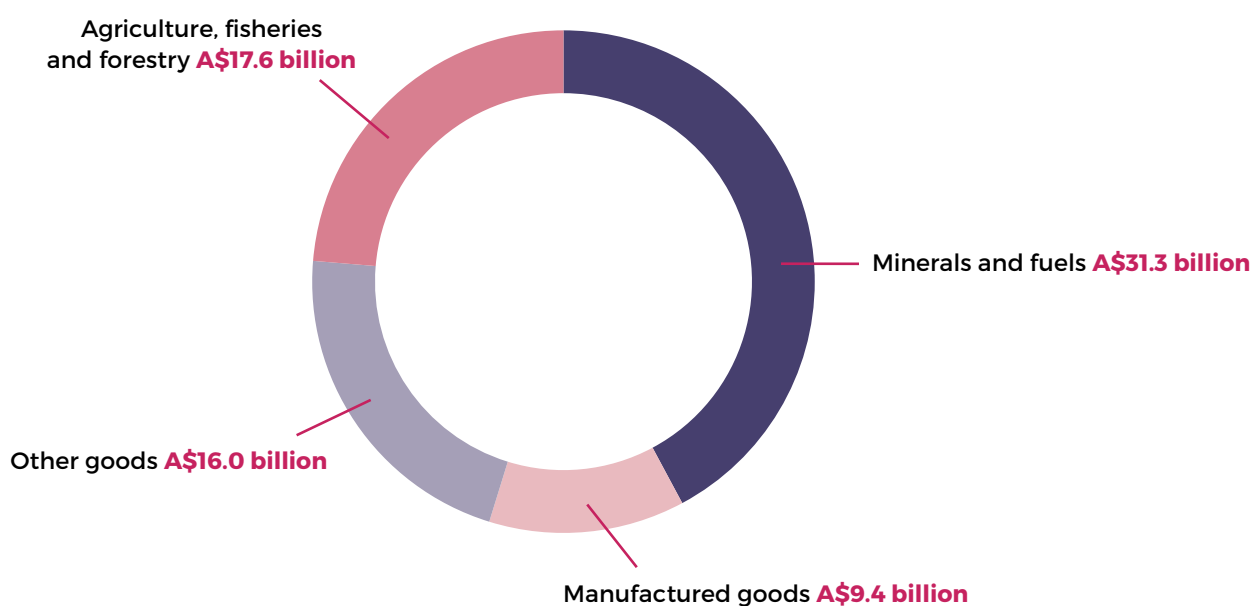
Total two-way goods and services trade with Southeast Asia relative to other major trading partners, 2010–2022



Source: DFAT, [Direction of Goods and Services Trade](#), July 2023.

Figure 1.2

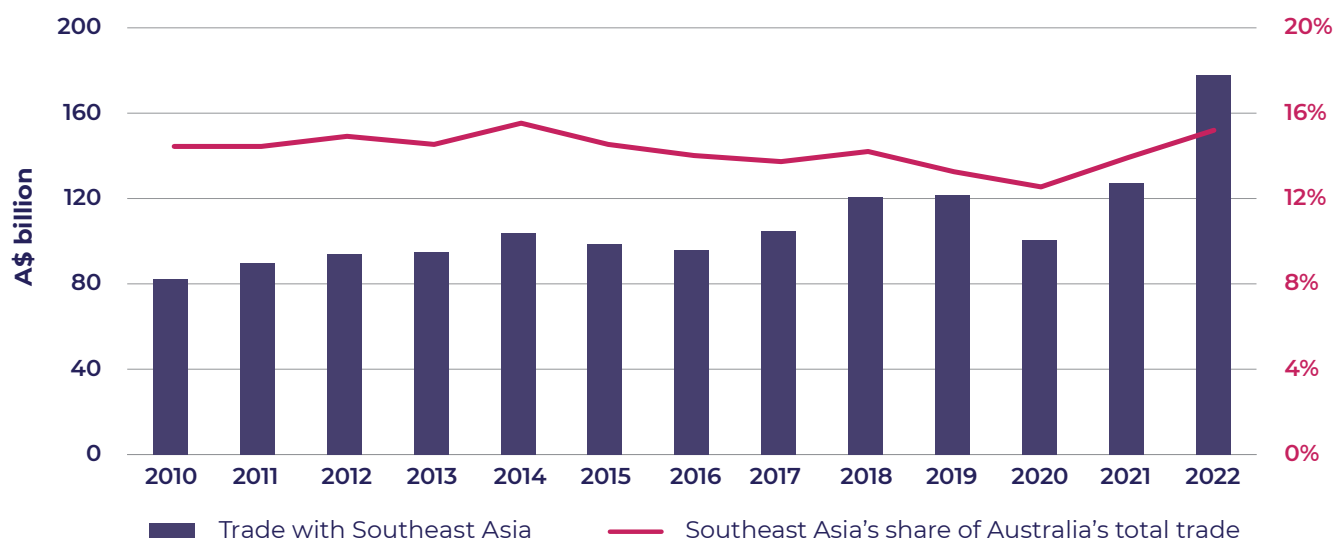
Composition of Australian goods exports to Southeast Asia, by sector, 2022



Note: Excludes crude petroleum due to confidentiality in Australian export statistics.

Source: DFAT, [Standard International Trade Classification pivot table](#), May 2023.

Figure 1.3
Australia's total goods and services trade with Southeast Asia, 2010–2022



Source: DFAT, [Standard International Trade Classification pivot table](#), May 2023.

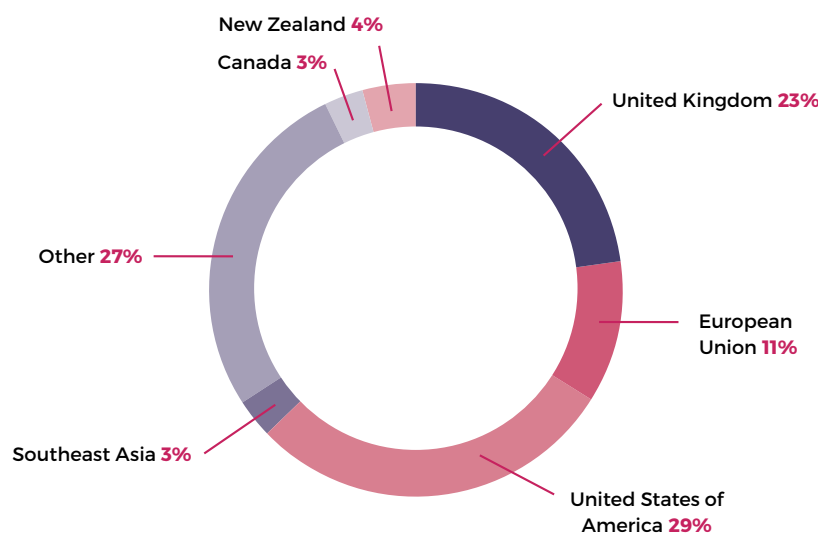
Australian investment in Southeast Asia

A number of Australian companies have invested directly in the region, including Orica and ANZ (in Indonesia and the Philippines), ResMed, Lendlease and QBE (in Singapore), Cochlear and Arnott's (in Malaysia), Telstra, Toll Group and GHD (in the Philippines) and Callington (in Thailand – see case study on page 13).

Presently, Australian investment in the region is underweight. Australian foreign investment stocks in Southeast Asian countries were worth A\$123.1 billion in 2022, representing 3.4 per cent of Australia's total investment stocks abroad (A\$3.7 trillion).²¹

Investment was concentrated in Singapore (A\$76.2 billion) and Timor-Leste (A\$16.7 billion, nearly all of which is in a single investment in Santos's Bayu-Undan gas facility).²² Only 0.8 per cent (or A\$40.4 billion) of Australia's total investment stock abroad went to the remaining nine ASEAN countries.²³ While some of the investment going through Singapore ends up in other Southeast Asian countries, such as Indonesia, these figures were significantly less than Australian investment in some traditional partners' economies (Figure 1.4).

Figure 1.4
Share of Australia's outward foreign investment stocks, by destination, 2022



Note: Percentage of total outward foreign investment.

Source: DFAT analysis of ABS, [International Investment Position, Australia: Supplementary Statistics](#), 2022, May 2023.



Image: A development chemist at Callington's laboratory in Thailand. Source: Callington

Case study:

Callington's trusted partnerships key to its investment in Thailand

Callington Group is an Australian, family-owned specialty industrial chemicals manufacturer whose products and services are used in more than 60 countries worldwide.

Callington manufactures in 10 countries, including Thailand, and has research and development centres and laboratories in Bangkok, Sydney, Paris and Chennai. The longest-running and largest operations are based in Thailand, where the company has supplied the Thai market since 1971.

Callington Thailand Managing Director, Geoff Everett, said, 'Thailand has been key to the company's success because of its connections to major regional markets, infrastructure project opportunities, and almost tariff-free trade between Australia and ASEAN.'

Foreign companies previously had challenges of dealing with multiple government agencies when trying to invest in Thailand. However, the

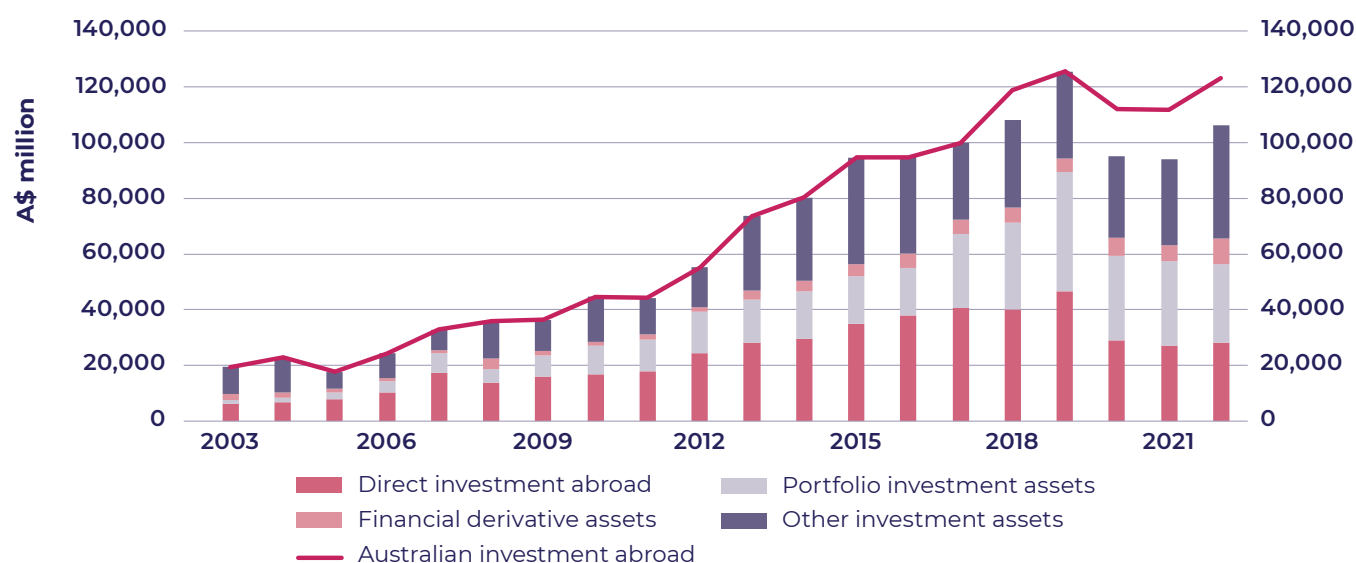
establishment of the Thailand Board of Investment in 1997 by the Government of Thailand has helped to streamline the overall investment process through its 'one-stop shop' approach.

'The Board of Investment has made it much easier to invest in Thailand, whether it's tax and other incentives, support navigating rules and regulations under various ministries, or facilitating business connections,' said Mr Everett.

For Australian businesses interested in investing in Thailand, Callington recommended Austrade, the Australian Embassy in Bangkok, and the Australian-Thai Chamber of Commerce (AustCham Thailand) for local insights and advice. Austrade helped Callington establish connections with other businesses and government authorities, and provided assistance in working with regulatory agencies in Thailand.

Mr Everett said Callington's trusted partnerships in Southeast Asia are a critical factor in the company's expansion strategy.

Figure 1.5
Australian investment in Southeast Asia, by type of investment stocks, 2003–2022



Note: Data for Timor-Leste is only available at the 'Australian investment abroad' level in 2018, 2020, 2021 and 2022, and is therefore not reflected in the subcategories of investment for these years.

Source: DFAT analysis of ABS, [International Investment Position, Australia: Supplementary Statistics, 2022, May 2023](#).

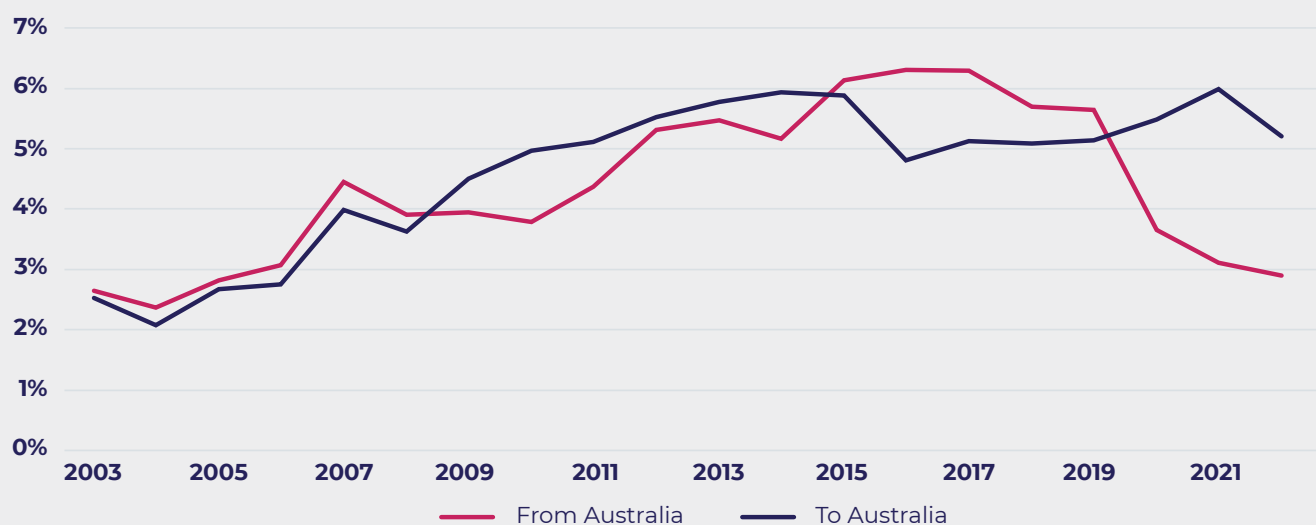
There was an upward trajectory from 2003 to 2019 in Australian outward investment into Southeast Asia across all investment types. However, there was a significant drop in foreign direct investment (FDI) stocks (that is, a net outflow) from 2019 to 2021 (Figure 1.5). This reflects a series of Australian divestments across the mining, banking and aviation services sectors that took place during this time.

As a result, Figure 1.6 shows that ASEAN's share of FDI stocks from Australia fell from 6.3 per cent in 2017 to 2.9 per cent in 2022.

In comparison, Southeast Asia's share of global FDI has increased over the past two decades – up from 3.6 per cent in 2003 to 6.9 per cent in 2021 (Figure 1.7).²⁴ The region has been a major recipient of global FDI into developing economies in the past decade (second after China in 2020–21).²⁵

Australian investment has not kept pace with the growth of investment into the region. Between 2000 and 2021, Southeast Asia's global inflows of direct investment increased an average 13 per cent a year (stocks). Australia's direct investment to Southeast Asia increased an average 8 per cent a year (stocks) during this period but fell as a share of Australia's total investment abroad from 2017 onwards (Figure 1.6).²⁶

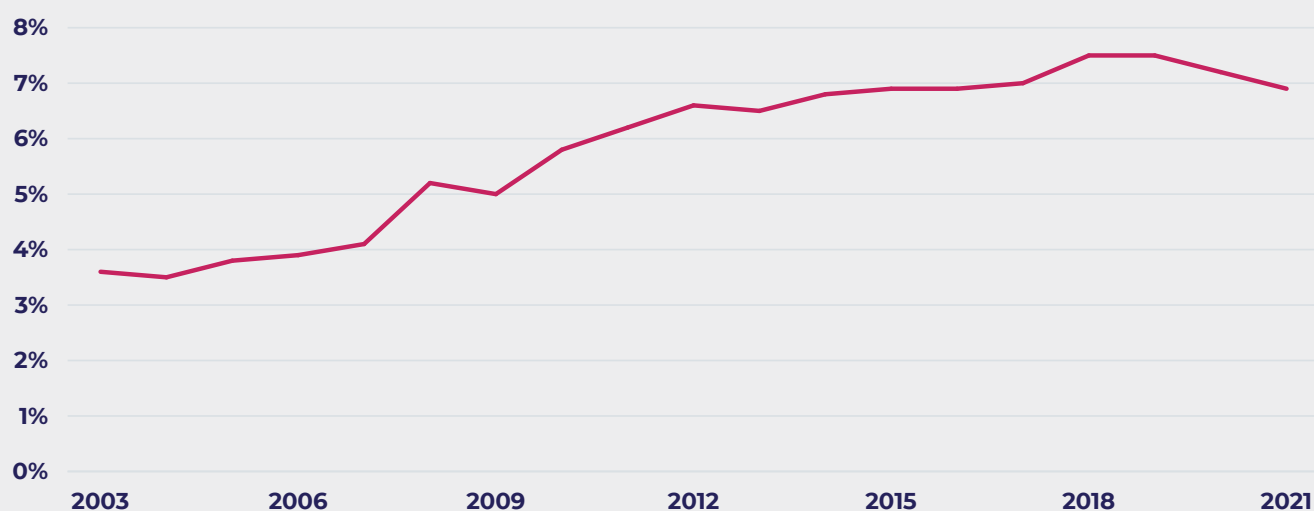
Figure 1.6
ASEAN's share of FDI stocks with Australia, 2003–2021



Note: Percentage of total foreign direct investment stocks with Australia.

Source: DFAT analysis of ABS, [International Investment Position, Australia: Supplementary Statistics, 2022, May 2023](#).

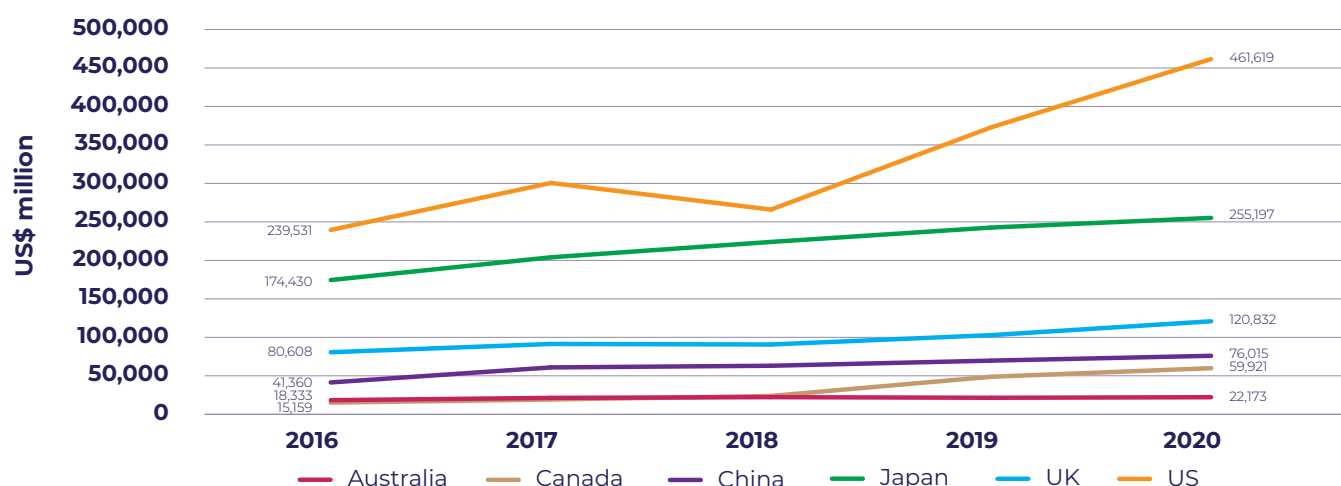
Figure 1.7
Southeast Asia's share of global inward FDI stocks, 2003–2021



Note: Percentage of total global inward foreign direct investment stocks.

Source: DFAT analysis of United Nations Conference on Trade and Development, [‘Foreign direct investment: Inward and outward flows and stock, annual’](#), [Beyond 20/20 WDS dataset], n.d., accessed 2 June 2023.

Figure 1.8
Stocks of FDI into selected ASEAN countries at year-end, by source country, 2016–2020



Note: Selected countries are Cambodia, Indonesia, Malaysia, Singapore and Thailand, based on data availability.

Source: DFAT analysis of ASEAN Secretariat, 'Stocks of foreign direct investment (FDI) at year-end, by source country (in million US\$)', *ASEAN Stats Data Portal*, n.d., accessed 1 June 2023.



Box 1.1 Canada's investment in Southeast Asia

As Figure 1.8 shows, Canada's FDI in Southeast Asia has expanded quickly in recent years. Beyond simply growth in stock levels, Canadian investments, particularly from their pension funds, have also broadened across many sectors, including oil and gas, mining, high tech, telecommunications, agrifood, financial services, aviation, and consumer goods.²⁷

From consultations undertaken as a part of developing this strategy, it is clear that Canadian institutional investors are a few years ahead of some counterparts in developing trusted relationships for investment, including having spent more time on the ground understanding markets, taking minority stakes in businesses, joining boards, and building experience in the region.

Australia's investment to ASEAN is significantly less than Australia's foreign investment with New Zealand.²⁸ The scale of, and growth in, FDI stock in Southeast Asia from a range of other partners has far outstripped Australia's FDI stock in the region from 2010 to 2021.²⁹ Chinese investment stocks in Southeast Asia almost doubled between 2016 and 2020 and Canadian stocks grew almost fourfold (Figure 1.8 and Box 1.1).³⁰

The current level of Australian investment reflects a range of challenges. Some Australian investors continue to view the region's risk–return trade-off as unattractive. But those who have successfully invested in the region have adopted a long-term orientation, recruited the right local talent, and partnered to

understand the local market and its risks. This, in turn, has opened up further opportunities for them.

For Australian institutional investors, transactions in emerging markets in Southeast Asia – particularly FDI – are generally deemed as higher-risk alternatives, which can affect asset allocation. Box 1.2 provides further detail on opportunities and challenges for this group of investors.

To attract more investment, Southeast Asian authorities will need to continue to invest in a robust public sector to ensure best practice governance. Strong regulatory frameworks (for example, competition, financial reporting and intellectual property protection) will foster a dynamic and well-functioning business sector.



Box 1.2

Australian institutional investors and Southeast Asia

The growing pool of investable projects in Southeast Asia provides significant opportunities to deepen Australian investment in the region in the decades to come.

Historically, opportunities for foreign direct investment in the region have not always been a good fit for Australia's institutional investors. Australian investors undertake significant due diligence, which requires detailed information to understand governance and financing structures, to be confident transactions adhere to investment mandates and, in the case of superannuation funds, their fiduciary duties. These due-diligence requirements likely explain the lower commercial presence in Southeast Asia due to significant transaction cost considerations.

Creating the right enabling environment for investment would likely improve investment outcomes for Australian institutional investors. This requires ongoing advocacy for continued structural reform to harmonise regulations and improve institutional cooperation.

For example, following consultations raising concerns over the impact of the 'Your Future, Your Super' performance test benchmarks on funds' asset allocation strategies, the Australian Government announced in June 2023 that the introduction of an emerging markets index would help ensure that funds are not unintentionally discouraged from investing in certain assets.

Increasing familiarity between Australian investment professionals and Southeast Asian counterparts – to deepen understanding of where needs align and do not – will also assist. This could be achieved through sharing market insights and information, including on time horizons for investment decisions by Australian funds, and through business missions.

The Australian Government should continue to encourage superannuation funds to examine opportunities in the region, including building on the visit organised to Indonesia and Singapore in August 2022.

Southeast Asian investment in Australia

Key Southeast Asian investors in Australia include ACEN in green energy (see case study on page 65); RATCH in renewable energy; Pontiac Land Group in real estate development; Gamuda in major infrastructure projects (see case study on page 79); Hoa Phat in beef cattle and iron ore; and Bukalapak in e-commerce (see case study on page 118).

Australia has been gaining status as a favoured investment destination for Southeast Asian countries. Stocks of ASEAN's FDI into Australia in 2022 were A\$58.3 billion,³¹ compared with stocks of Australian outward FDI into ASEAN of A\$28.3 billion.³² Total stocks of ASEAN's FDI into Australia increased an average 11.5 per cent a year (A\$50.9 billion overall) between 2003 and 2022.³³ In 2022, Singapore – as the region's financial hub – was the largest source of investment among ASEAN countries and is Australia's fifth-largest investor.

The value of Singapore's investment stocks (including direct, portfolio and other investment) in Australia has grown at a rate of 11.4 per cent a year over the past five years.³⁴ Singapore's investment includes Singaporean Government entities and multinationals based there.

Given Australia's sound economic fundamentals and transparent and trustworthy legal and governance systems, it will likely remain an attractive investment destination for the region. Companies looking to expand abroad into Australia wish to broaden their asset base and bring advanced technology and know-how back into their domestic operations. As Australia and Southeast Asian countries seek to meet their net zero targets out to 2040 and beyond, the region's investors will increasingly be entering new industries in Australia, including renewable energy and clean energy supply chains.

Outlook to 2040

Southeast Asia is expected to continue to grow strongly over the next two decades. As a regional bloc, by 2040, Southeast Asia is projected to become the world’s fourth-largest economy, after the United States, China and India. As Figure 1.9 highlights, analysis by the Economist Intelligence Unit estimates that, in 2022, total nominal GDP for Southeast Asia was worth US\$3.60 trillion and by 2040, total nominal GDP will grow by nearly 383 per cent to US\$13.86 trillion, with Indonesia alone projected to have a nominal GDP worth US\$4.85 trillion.³⁵

Indonesia’s economy is projected to become the world’s fifth-largest by 2040, while Thailand and Vietnam are expected to be the next largest economies in the region.³⁶ Indonesia, the Philippines and Vietnam are forecast to have compound annual GDP growth rates of around 5 per cent between 2022 and 2040.³⁷ Singapore is expected to maintain its high-income status, while emerging economies like Cambodia are predicted to experience rapid economic growth.³⁸

Driving this growth, Nomura predicts an acceleration of FDI and portfolio investment flows into Southeast Asia (and India) – the ‘new high-flying geese’ of Asian development – from North Asia prompted by supply chain diversification, infrastructure development, and cashed-up savings funds seeking to spread risk. These countries are increasingly seen by Japanese companies as preferred destinations for business expansion.³⁹

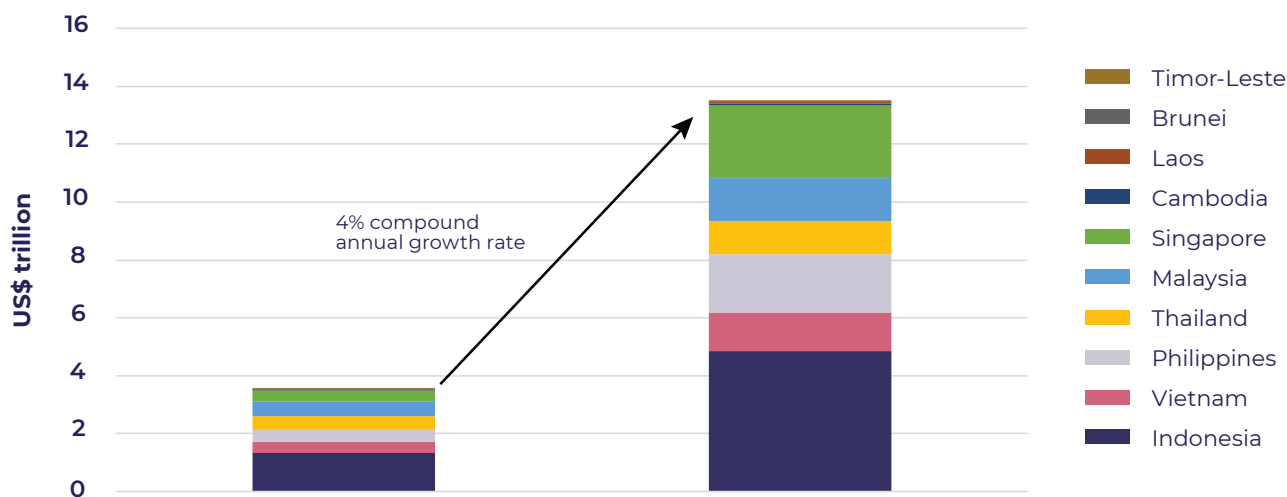
There will be challenges along the way in realising these projections, including how economies deal with issues such as persistent inflation, and concerns over serviceability of debt and access to credit. Trends in ‘friendshoring’, or investment directed along geopolitical lines, pose additional risks to growth for emerging economies in Asia. This trend is only clearly emerging in 2023, but should it gain momentum, is likely to amplify economic downturns.

It will be critical to continue reducing barriers to trade and investment and pursuing integration. If this occurs, the long-term trajectory points to a region that will continue to be one of the main sources of global growth.

In key trends, much of Southeast Asia’s economic growth will come from its expanding middle class and the related increase in consumer demand. Figure 1.10 highlights this growth, based on projected after-tax income of households, showing a potential consumer market in Southeast Asia that will be over 10 times larger than Australia’s.⁴⁰

Most Southeast Asian countries have a relatively young population, with a median age in 2023 of 30.4 years.⁴¹ The United Nations forecasts that by 2040, Southeast Asia’s population will reach 766 million, up from an estimated 687 million in 2023, with a working-age population (people aged 15 to 64) of around 507 million.⁴² The latter is a significant increase from the estimated 464 million in 2023.⁴³ This ‘demographic dividend’ will lead to greater spending on lifestyle, education, travel and housing over coming decades.

Figure 1.9
Nominal GDP of Southeast Asian economies, 2022 (estimate) and 2040 (forecast)



Source: Economist Intelligence Unit (2023) data commissioned by DFAT for the strategy.

Figure 1.10

Number of Southeast Asian and Australian households with disposable income of more than US\$15,000 per annum (constant), 2022 and 2040 (forecast)

	2022	2040
Indonesia	13.0M 	 63.1M +50 million households or 9.2% CAGR*
Philippines	5.6M 	 30.2M
Vietnam	2.8M 	 19.7M
Thailand	4.9M 	 17.8M
Australia	9.1M 	 11.4M +2.2 million households or 1.2% CAGR*
Malaysia	5.6M 	 9.6M
Singapore	1.7M 	 2.2M
Cambodia	0.2M 	 2.2M
Laos	0.1M	 0.5M

CAGR = compound annual growth rate

Notes: Excludes Brunei and Timor-Leste. Constant dollars measure changes in real purchasing power over time as they account for inflation.

Source: Austrade Economics analysis of Euromonitor, *Economies and Consumers data*, 2022.

Notwithstanding its generally young population, the number of people aged over 60 in the region is expected to reach 127 million people in 2035, and by 2040, retirees will account for one in five people.⁴⁴ This will increase demand for health and aged care services. Australia can help meet the needs of Southeast Asians, but this will require facilitating more trade in medical technology, supporting increased standards of care and investment in health infrastructure, and harmonising standards and regulation.

For all countries, empowering women and girls to participate in business, ensuring equality of salaries, addressing the unequal distribution of unpaid care and domestic work, and improving social infrastructure will unlock economic dividends. Women's formal workforce participation varies widely across the region, from 69.9 per cent in Cambodia to 27.9 per cent in Timor-Leste.⁴⁵ Further, across Southeast Asia, women's formal workforce participation has decreased over the past 10 years, declining in all countries in the region except Indonesia.⁴⁶ In 2022, Australia's women's workforce participation rate was 62.1 per cent and the gender pay gap persisted at 22.8 per cent.⁴⁷

The other major population trend is urbanisation. According to the United Nations Economic and Social Commission for Asia and the Pacific, the proportion of people living in cities will increase from 51 to 61 per cent between 2022 and 2040.⁴⁸ Within that statistic, the most significant shift from rural to urban areas will occur in Cambodia, Laos, the Philippines, Timor-Leste and Vietnam.

Rising populations and urbanisation will influence demand for infrastructure and energy. According to the Asian Development Bank, Southeast Asia requires around US\$210 billion annually until 2030 to meet its climate-resilient infrastructure needs alone.⁴⁹

Growing the clean energy economy and managing the transition to net zero emissions will require coordinated effort by Australia and its partners regionally and globally. This will present opportunities and have a substantial impact on Australia's economic relationship with Southeast Asia. Eight of the 11 Southeast Asian countries have announced a net zero target.

Australia is already a major source of agricultural and food products for Southeast Asian consumers and is well placed to continue to help the region meet its food security needs. Australia and the region will need to build secure agrifood supply chains that are resilient to biosecurity and climate change risks.

The region is undergoing a rapid and unprecedented digital transformation. According to the Asian Development Bank, by 2030, the digital economies of Southeast Asia are predicted to be worth between US\$600 billion and US\$1 trillion, up from an estimated US\$200 billion in 2022.⁵⁰ Digital uptake will impact on all areas of economic activity, supporting greater trade in services, particularly education, government and professional services.

Australia's education services are in high demand throughout the region, but maintaining attractiveness as a destination will require ongoing development of offerings and strong marketing. Over the long term, Australia should seek to drive large-scale two-way mobility to deepen professional exchanges and cultural immersion. There is also scope to increase collaboration in the arts, digital games and film development, the live performance industry, and other creative industries.

There is significant potential to grow two-way tourism between Australia and the region. Realising greater two-way tourism potential will require better understanding of cultural needs, tourism product development, marketing and expanded air links. Australia's market share of Southeast Asian tourist travel is much lower than our geographic proximity suggests it should be.

Based on these key trends, this strategy's priority sectors are agriculture and food, resources, green energy transition, infrastructure, education and skills, visitor economy, healthcare, digital economy, professional and financial services, and creative industries.

02 **Critical enablers**



Key points

- Australia and Southeast Asia's web of free trade agreements (FTAs) and economic cooperation architecture, established trade linkages, technical assistance programs, and goodwill built up over many years provide a strong basis to grow ties.
- Australia and Southeast Asia should continue to utilise FTAs, the World Trade Organization and other multilateral forums to drive market liberalisation and economic reform for mutual benefit.
- Building awareness in Australia and Southeast Asia of each other's markets and offerings will be key to commercial growth – business exchanges, diaspora and alumni all have a critical role to play.
- Facilitating greater outward and inward investment needs to be a priority given its criticality to boosting economic growth, national income and enduring commercial linkages.
- Australia must continue working to make it easier for Southeast Asian businesses to operate in Australia, including via reform of the migration system and regulations.

Underpinning architecture and linkages

Growing trade and investment will require drawing on, and making more use of, economic architecture and assets, such as diaspora communities and alumni. Addressing the challenge requires a cross-cutting approach, including trade and investment-related enablers that impact across economies.

Australia and Southeast Asia have built a range of linkages that provide a basis for greater trade and investment ties. These include the network of bilateral and multilateral trade agreements facilitating commercial activity.

Australia has negotiated a web of bilateral and regional free trade agreements (FTAs) with Southeast Asia (Figure 2.1). These FTAs expand commercial ties and offer roadmaps for further cooperation to adopt measures or negotiate rules to boost trade and investment ties. They remove tariffs, standardise trade rules, support trade facilitation, outline cooperation on investment, and set guidelines for digital trade.⁵¹

ASEAN-centred FTAs, such as the Agreement Establishing the ASEAN – Australia – New Zealand Free Trade Area (AANZFTA) and the Regional Comprehensive Economic Partnership Agreement (RCEP), ensure all parties have a say in regional trade and investment rules. Engagement with the ASEAN-led economic architecture, such as through the East Asia Summit economic track, brings ministers together to discuss how to deepen rules-based trade and investment.

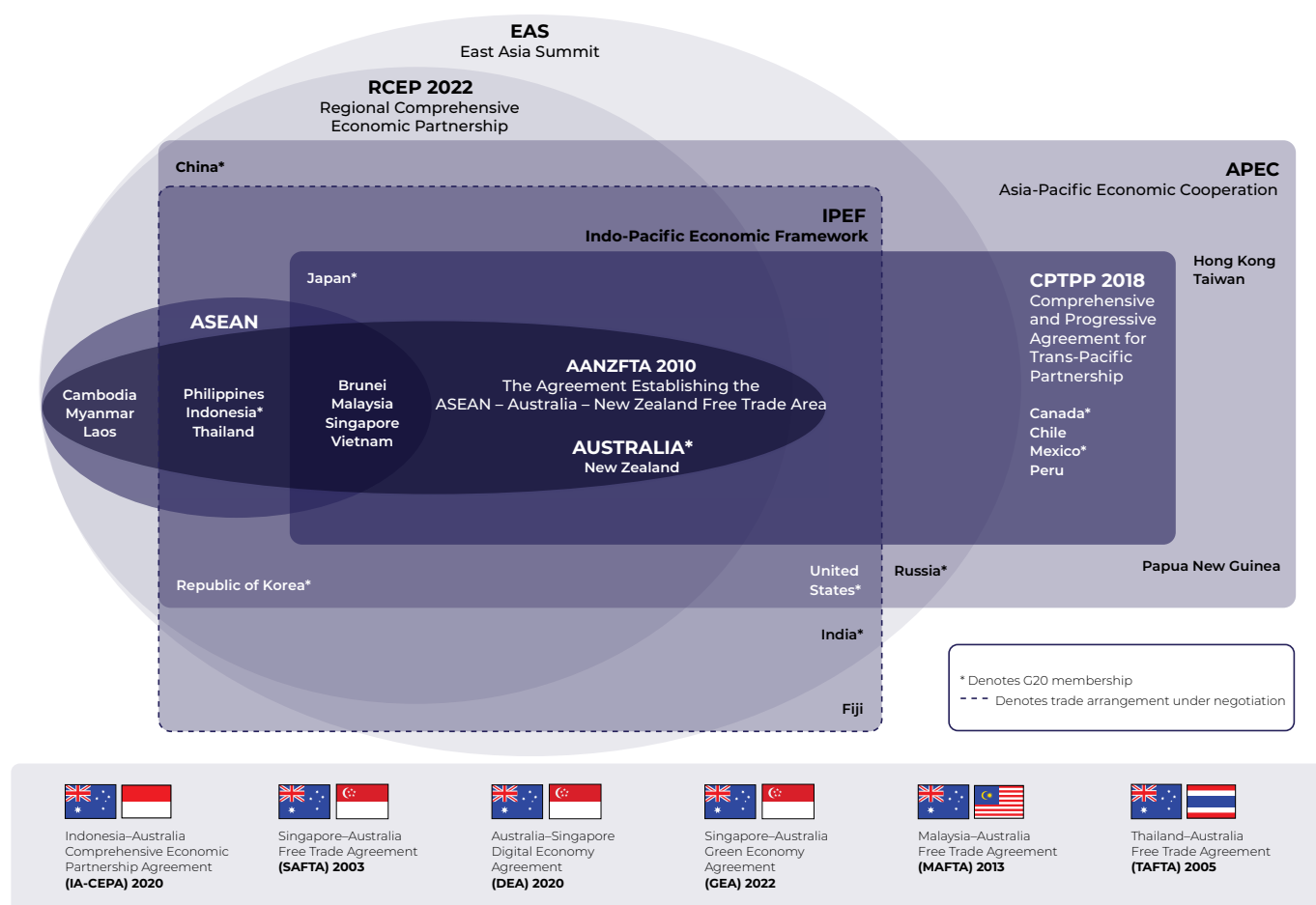
Australia and the region benefit immensely from the predictability and stability provided by the rules-based multilateral trading system, with the World Trade Organization (WTO) at its core. Australia is active in efforts to reform and strengthen the WTO, including through negotiating new rules on e-commerce, investment facilitation and behind-the-border barriers to services, so that it can continue to support the prosperity of our region into the future.

Australia also works through the Organisation for Economic Co-operation and Development (OECD) and Asia-Pacific Economic Cooperation (APEC) to engage Southeast Asian economies on measures to promote the region's sustainable and inclusive growth, including domestic economic reforms.

In addition, Australia's A\$1.24 billion development cooperation program with Southeast Asia enables Australia to work with regional governments to improve the policy and regulatory settings needed to grow trade and investment. This includes providing technical assistance for regulatory reforms, strengthening the private sector, and supporting investment for infrastructure and climate transition projects.

An important element of this assistance is the provision of development financing, including via the Emerging Markets Impact Investment Fund (EMIIF) and the multi-donor Private Infrastructure Development Group (PIDG). Australia's current development finance to Southeast Asia aims to coordinate with the multilateral development banks to crowd in private and like-minded financing (see case study on page 25). There is potential to expand Australia's development finance toolkit given the region's enormous infrastructure and green transition needs.

Figure 2.1
Australia's participation in regional economic architecture



Source: DFAT, current as of August 2023.



Case study: **Investing in Women and the Emerging Markets Impact Investment Fund**

Image: Two TEKY educators lead a STEAM activity for children at a multidisciplinary innovation academy in Vietnam. Source: SWEEF

Through the Investing in Women program and the Emerging Markets Impact Investment Fund (EMIIF), Australia has supported women-led small and medium-sized enterprises (SMEs) in Southeast Asia to grow their business.

In 2023, EMIIF has invested in TEKY, a prominent science, technology, engineering, the arts and mathematics (STEAM) academy in Vietnam. With a team that is 77 per cent women, TEKY is a leader in promoting gender equality in STEAM education and careers, and uplifting the technological knowledge of Vietnamese children. Australia's support is helping fuel the expansion of TEKY's educational services within Vietnam's public school system, as well as its after-school programs. TEKY is the first Vietnam-based educational technology company to implement a STEAM curriculum. The company is currently operating a network of 21 STEAM centres across five major cities in Vietnam. With a focus on a diverse range of subjects, such as coding, 3D technology and robotics engineering, these centres aim to enhance the skills of 10,000 students aged 5 to 18 years.

Women-owned and -led SMEs encounter significant barriers in accessing formal sources of finance and mainstream investment.

The Investing in Women and EMIIF programs have established Australia as a global leader in gender lens investing. By investing at the higher-risk early stages of an investment, EMIIF has demonstrated an ability to mobilise private sector financing, with evidence suggesting a private sector mobilisation ratio of 1:5, including with impact investors and philanthropic organisations.

Since 2016, Investing in Women's investment into 82 women-led SMEs in Indonesia, the Philippines and Vietnam has helped catalyse over A\$525 million of additional capital and follow-on investment funding. This support has helped bridge the finance gap and demonstrated that these businesses can grow and provide benefits to female entrepreneurs and the wider economy. Over 100 major businesses have also joined Investing in Women's business coalitions for women's empowerment, representing over 1 million employees. The next phase of the program (2023–2027) will continue to accelerate women's economic empowerment and will explore new areas, including quality childcare and jobs for women in emerging industries.

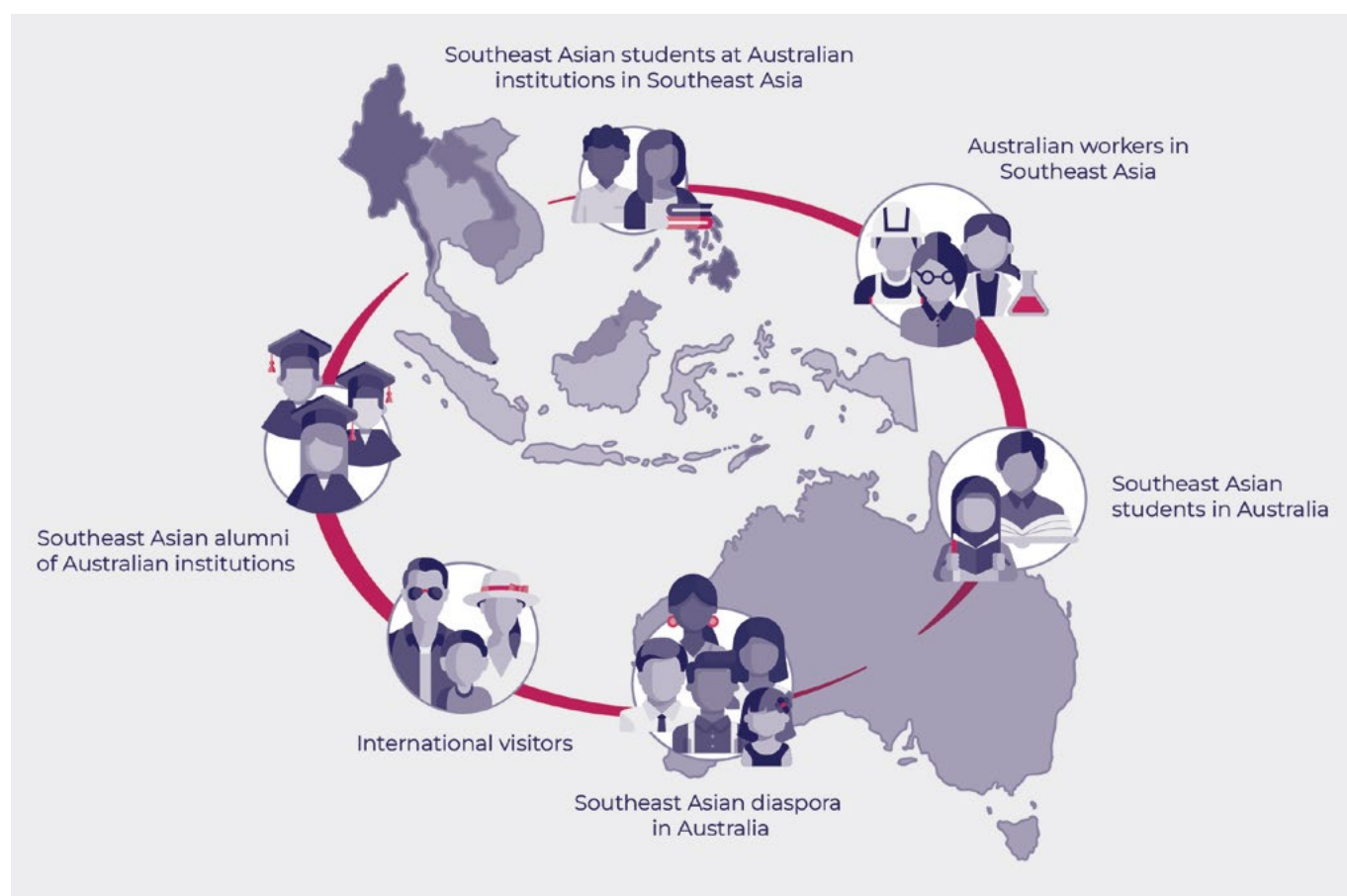
In the 2023–24 Budget, the Australian Government significantly lifted EMIIF's investment cap from a \$40 million pilot phase to \$250 million, which includes a focus on increasing Australian institutional investor finance into the region.

Our commercial links are supported by the large numbers of Australians and Southeast Asians who live in each other's countries. For example, over 125,000 students from the region currently study in Australia.⁵² There are also a significant number of students studying at Australian university campuses in the region, and in 2021, the largest number of tertiary education enrolments with Australian providers in Southeast Asia (including those with in-country campuses) were in Singapore (23,621), followed by Malaysia (17,246) and Vietnam (12,885).⁵³

Over half a million Southeast Asian students have studied in Australia since 2002, making up a sizeable alumni in the region.⁵⁴ Since 2014, the New Colombo Plan has awarded more than 33,000 scholarships and mobility grants for Australian undergraduates to study and intern in Southeast Asia.⁵⁵ These people, combined with skilled and experienced Australians working in Southeast Asia, are a significant resource for Australian and Southeast Asian businesses.

Australia's multicultural society, with more than one million Australians with Southeast Asian heritage, also provides unique networks that can be leveraged to deepen our economic and people-to-people links with the region.⁵⁶

People connections



Key cross-cutting enablers

There are a number of critical cross-cutting challenges that – if addressed – can help drive greater commercial activity between Australia and the region to 2040.



Raise awareness

While we have strong people-to-people links, an enduring challenge in both Australia and Southeast Asia is limited familiarity with each other's economies, societies, business environments and market opportunities. Addressing this challenge will require a whole-of-nation effort across Commonwealth and state and territory governments, universities, the private sector, not-for-profits and communities.

Increasing cultural literacy and capability is key to realising the breadth of opportunities in Southeast Asia. This will require greater investment by employers and students to appreciate the lifelong advantages of understanding our region. This will help more Australians build partnerships with the region and take advantage of opportunities for trade and investment.

The decline in learning Asian languages in Australia is well documented, with many universities no longer offering some Southeast Asian languages.⁵⁷ Declining year 12 enrolment rates in all languages, including Southeast Asian languages, is also of concern. Indonesian language enrolments for year 12 students have declined by 50 per cent in just one school generation.⁵⁸

Australia needs to lift investment in Southeast Asia literacy at all levels, from stimulating demand and teaching languages and cultural awareness to school and university students, to training government officials and senior executives and board directors on Southeast Asian commerce and business practices. As part of this, industry also has a role to play in building demand for Southeast Asia cultural literacy in Australia. Government should work with industry on developing solutions to encourage students to develop Southeast Asia cultural literacy skills to meet their future business needs in the region.

Australian governments should continue to develop Southeast Asia expertise across agencies with an international engagement focus. To deepen influence and ensure government has the capability needed to advance Australia's commercial and other interests, there needs to be more specialised personnel and teams working on Southeast Asia. Specialisation and continuity will be critical to developing and maintaining capability.

Given the significance and national breadth of the Southeast Asia literacy challenge, the development of an action plan could be considered by the National Cabinet.

Recommendation

1. National Cabinet should consider developing a whole-of-nation plan to strengthen Southeast Asia literacy in Australian business, government, the education and training system, and the community.

There is a role for the Australian Government to help introduce businesses – particularly SMEs – to Southeast Asian markets. A new Austrade-led, targeted, sector-specific business mission initiative would be an effective vehicle to raise awareness of opportunities and the operating environment in particular markets. Such delegations have been infrequent in recent years and often too general in focus. A more targeted approach covering each of the sectors examined in this strategy would be most effective. A particular focus would also be investment missions targeted at institutional investors, given their criticality to significantly boosting Australian investment in the region. This initiative should also include after-visit engagement and servicing to assist companies to follow leads identified during business missions.

A new Austrade business facilitation initiative focused on trade missions could also examine the best approach to expand the capability of Australian business chambers active in Southeast Asia. Southeast Asian markets are increasingly competitive as businesses from North Asia, the United States and Europe compete for market share. Foreign business chambers are often backed strongly by their own governments, including through the provision of financial support.

Strengthening Australian business chambers and ensuring they have the resources to provide high-quality services to Australian businesses will help position these businesses to succeed. Ensuring that Austrade works with business chambers in running business missions will ensure the latter are more effective in boosting two-way trade, and simultaneously enhance the capability of chambers. The Australian Government should also work with other non-government business promotion authorities interested in the region, such as the Business Council of Australia and the Australian Chamber of Commerce and Industry.

Recommendation

2. Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers.

Several submissions to this strategy highlighted that Australian businesses need to work together and present a strong Australian brand to be successful in the Southeast Asian market. Australia's Nation Brand is in place to enable all Australian businesses to promote their goods and services internationally, through a range of available assets that leverage Australia's unique value proposition. The Nation Brand will cut through a competitive marketplace with sustained adoption and support from Australian industry.

Australian state and territory and federal government agencies operating overseas need to be better integrated. Australia will be more successful with shared priorities across all levels of government and within the business community. The recently established Ministerial Council on Trade and Investment, bringing together the ministers for trade from all states and territories and led by the Minister for Trade and Tourism, as well as the Senior Officials Trade and Investment Group, which sits under this, are two avenues for pursuing coordination on this matter in the effort to promote Australia and its goods and services as reliable, high quality, and safe.

Recommendation

3. Australian Government to work with states and territories, and business to ensure a coordinated approach to promoting Australia, leveraging and building upon the Nation Brand.

Strong business-to-business engagement and ownership are essential for a successful whole of nation approach. While Australia does not have large conglomerates like Japan and the Republic of Korea, successful Australian business leaders can play a valuable role in shepherding other Australian businesses through the potential opportunities and pitfalls in Southeast Asia by providing insights and connections to help them succeed.

Senior business leaders should also play an important role in representing the views of the business community to Australian and Southeast Asian governments on actions governments can take to deepen economic engagement, as the successful Australia–Vietnam Business Champions have done.⁵⁹

Recommendation

4. Appoint special business champions for key markets to promote Southeast Asian opportunities to Australian business.

Given the limited awareness of Southeast Asian products and investment offerings in Australia, a greater and coordinated promotional effort in Australia may help boost Australia's trade and investment with the region. This could also include tourism promotion to encourage more Australians to visit Southeast Asian countries. The Australian Government may wish to consider working with ASEAN to establish a Southeast Asia trade, investment and tourism promotion campaign in Australia.

Recommendation

5. Australian Government to work with the ASEAN Secretariat and business to examine an ASEAN trade, investment and tourism promotion campaign in Australia.

In a range of Southeast Asian countries, there are major diversified conglomerates that have an extensive market presence across the economy. It will be important to gain a greater appreciation of their areas of interest and the potential for engagement with Australian business. They should be prioritised by Australian diplomatic missions and Austrade, and introduced to state and territory investment agencies and potential Australian partners, and should receive targeted travel and investment approval facilitation. This could help foster greater trade and investment links.

Recommendation

6. Survey major Southeast Asian business group interests and facilitate deeper engagement with Australian companies and investment agencies, including their travel and investment.

The more than one million Australians with Southeast Asian heritage represent an important community for driving two-way trade and investment with Southeast Asia. Their relevant cultural and linguistic skills and networks can help to support business planning and operations. A government-funded survey to better understand the business network of Australia's Southeast Asian diaspora would help inform efforts to strengthen business links, including supporting entrepreneurs and SMEs in Australia to engage in two-way trade.

Recommendation

7. Develop a strategy to engage with Australia's Southeast Asian diaspora to inform efforts to deepen SME business links with the region.



Remove blockages

While Australia is favoured as an investment destination by Southeast Asian investors, some have raised concerns about Australia's foreign investment application process, particularly in terms of timeliness and transparency.⁶⁰ For those companies that have already invested in Australia, the need to seek new approvals for further investments may disincentivise investment.

Continued efforts to reduce regulatory burden, including the new 'interfunding' exemption under the foreign investment framework regime announced in the 2023–24 Budget, will assist with streamlining investment from the region. The Australian Treasury continues to streamline the processing of foreign investment applications to facilitate investment.

The Australian Government should seek to work with Southeast Asian partners towards reciprocity in streamlining foreign investment.

Recommendation

8. Continue exploring opportunities to reduce regulatory burden under the Foreign Investment Review Board (FIRB), as the foreign investment framework regime allows, and seek reciprocal action in the region.

Across federal, state, territory and local governments, Australia has a series of mechanisms focused on attracting inward investment. At the federal level, Austrade helps foreign investors identify opportunities in Australia, and facilitates meetings with other key federal agencies, such as the Foreign Investment Review Board, the Department of Industry, Science and Resources' Major Projects Facilitation Agency, and the Australian Taxation Office's New Investment Engagement Service. At other levels of government, each state and territory has its own investment promotion programs, as well as some cities (for example, Invest Melbourne). This plethora of agencies and processes can create challenges for new investors.

During consultations for the strategy, regional investors suggested the Australian Government set up a 'concierge' service to facilitate more investment from the region, including to help investors navigate the different levels of government in Australia and related approval processes, provide advice on taxation arrangements, expedite visa processes, and connect investors with professional and financial service providers.

A new 'concierge' service could formally coordinate relevant Australian Government agencies. It could draw on the successful Singapore Economic Development Board model for facilitating inward investment.

Recommendation

9. Establish a single-door concierge service to facilitate inwards foreign investment.

Australia's bilateral and regional FTAs with Southeast Asian countries have enabled strong trade and investment flows. However, there is considerable scope for modernising some of the older FTAs to increase coverage of issues or sectors. For example, Australia's bilateral trade agreement with Singapore has continuously evolved, manifested most recently through the Australia–Singapore Digital Economy Agreement. The latter set new global benchmarks for trade rules and included a range of practical cooperation initiatives to reduce barriers to digital trade. Similarly, Australia, ASEAN and New Zealand have worked to upgrade AANZFTA, in the same spirit of increasing the opportunities for all participants to that agreement.

Australia sees opportunities to build on the existing architecture to support trade diversification and better development outcomes across the region. Australia also wants to improve the contribution trade can make to Indigenous inclusion, the environment, gender and small business. Australia and regional partners could work together to ensure the trade and investment architecture supports the requisite investment, new technologies, engineering expertise, and flows of specialised inputs.

For example, the 2021 ASEAN State of Climate Change Report identified the need across ASEAN member states to raise capabilities in climate science, to cooperate and collaborate on knowledge and information transfer, and to focus on an energy transition to net zero emission targets. These priorities have informed the ASEAN Strategy for Carbon Neutrality – a priority project for ASEAN. ASEAN member states are focusing on developing renewable energy portfolios for both domestic consumption and export, green manufacturing (electric vehicles), improved land management, and architecture to promote net zero transitions. Existing services commitments in our FTAs need modernisation to enhance delivery of distance/remote services and entry of research and development industries into the region, and to enable incidental services related to green energy production in our region (see Chapter 5 – 'Green energy transition').

The Australian Government's Trade 2040 Taskforce – with support from the Department of Foreign Affairs and Trade (DFAT) and in collaboration with Southeast Asian partners and Australian stakeholders – should review the coverage of existing FTAs with the region to determine which agreements and product coverage should be prioritised for upgrade negotiations. This could initially focus on the clean energy, digital economy and health sectors, given strong regional interest in these areas.

Recommendation

10. Australia's Trade 2040 Taskforce, in collaboration with Southeast Asian partners, to review the scope of existing FTAs to determine priorities for agreement upgrade negotiations.

Trade is facilitated by the adoption of good regulatory practices and international standards. Harmonising these standards and procedures helps remove non-tariff barriers to trade, while divergent standards lead to fragmented markets and impede trade. Greater cooperation on standards and conformance procedures will be essential for greater Australia – Southeast Asia economic engagement. Australia's strong standards can be an advantage for Australian business in the region. And for Southeast Asian companies that operate in Australia, our standards are also a signal of high quality and safe products. Standards Australia is leading private sector engagement with the region's standard-setting bodies to encourage them to adopt international standards.

This work will be particularly important to shape emerging digital trade and clean energy technologies.

Australia should also step up collaboration with Southeast Asia in the WTO to strengthen and reform the rules-based multilateral trading system, including through new rule making, to ensure the system can continue to underpin regional prosperity into the future.

Recommendation

11. Expand collaboration on trade rules and standards harmonisation with Southeast Asian partners.

People-to-people links are fundamental to business relationships and Southeast Asia is no exception. As global competition for talent and investment heats up, Australia needs a visa system that works to support our links with Southeast Asia. Southeast Asian leaders and businesses have often suggested that Australia's visa system was an obstacle to commerce and travel.

Reform of Australia's migration system is needed to deliver for business, migrants and the Australian community, and this was the focus of the Review of the Migration System.⁶¹ Drawing on this report, the Australian Government is developing a Migration Strategy, planned for release before the end of 2023. The reform directions outlined in the Review of the Migration System will support more efficient visa processing and a better client experience of the migration system, particularly in support of applicants from Southeast Asia and the Pacific.

The Australian Government should also work with Southeast Asian partners to ensure further mobility outcomes are negotiated on a reciprocal basis to also provide more opportunities for Australians to live, work and study in the region.

Recommendation

12. Australian Government to implement the Migration Strategy and associated reforms to improve the visa system to facilitate mobility.

Australia will need to further enhance air links to help promote the movement of people, goods and services with the region. Given the reliance of travellers between Australia and Southeast Asia on air travel, ensuring airlines are well positioned to cater for future demand will be crucial. The Australian Government should seek to enhance capacity opportunities available to airlines under air service agreements so that they remain ahead of demand, enabling future growth and competition to support increases in travel and freight. In its submission, the Australian Airports Association suggested connectivity could be increased through air services agreement negotiations with Malaysia, the Philippines, Thailand and Vietnam.⁶² Particular focus should be directed towards those agreements projected to reach capacity entitlements in the next five years. Additionally, the Australian Government could explore open skies agreements with interested Southeast Asian partners where in the national interest and on a reciprocal basis. The Australian Government's Aviation White Paper (for release in 2024) will set long-term policies to guide the next generation of growth and innovation in the aviation sector to 2050.⁶³

Recommendation

13. Australian Government to prioritise updates to air services agreements and explore reciprocal open skies agreements with interested Southeast Asian partners where in the national interest.



Build capability

Australia's development partnerships in the region can help build markets and regulatory frameworks to support private sector-led growth. Regional initiatives like the Mekong–Australia Partnership and bilateral programs like the Australia–Indonesia Partnership for Economic Development (Prospera) (see case study below) provide practical support for regulatory changes to promote private sector-led growth. This includes technical assistance, private sector pilots, and policy research and analysis. There is ongoing demand from regional governments for government-to-government collaboration and technical assistance. Australia can provide technical assistance to support Southeast Asian partners' efforts to deliver e-government and long-term acceptance of digital trade rules aimed at facilitating trade, such as e-certification and virtual auditing.



Case study:

Prospera – Australia and Indonesia's partnership for prosperity

Through Prospera (the Australia-Indonesia Partnership for Economic Development), Australia has contributed to expanding markets and creating jobs, safeguarding economic and financial stability, and supporting public policy and governance in Indonesia over 20 years of cooperation.

It supports Indonesia's sustainable and inclusive economic growth, as well as brings together technical support and institutional links between Australian and Indonesian economic agencies.

This partnership has supported Indonesia's economic recovery from the COVID-19 pandemic, Indonesia's financial market stability, and

Indonesia's efforts to modernise its tax system, simplify business licensing requirements for businesses in Indonesia and overseas, enhance government budgeting and spending, and improve regulatory settings to better enable businesses to take advantage of the growing digital economy.

Prospera's priorities are to work with the Indonesian Government to implement the goals of its next medium-term development plan, advance the focus areas of Indonesia's ASEAN chair year in 2023 – recovery and rebuilding, energy and food security, digital economy, financial stability, and health architecture – as well as its ongoing participation in the G20.

The Australian Government announced in the 2023–24 Budget funding for a new government-to-government partnerships program to provide government-level technical assistance in the region – currently funded at A\$50 million over five years. Additionally, the Australian Government has allocated A\$25 million in the 2023–24 Budget for technical assistance and capacity-building efforts to help partners eligible for official development assistance (ODA) to meet the Indo-Pacific Economic Framework's high-standard rules and commitments. However, this does not cover countries that are no longer ODA recipients (Brunei, Malaysia, Singapore and Thailand). Non-ODA funding will be needed to facilitate more technical exchanges with these governments.

Recommendation

14. Extend government-to-government technical assistance to other Southeast Asian countries through a new government-to-government partnerships program and other mechanisms.

Following positive feedback from existing ASEAN participants on direct technical exchanges with Australian investment regulators, the Australian Government should consider continuing the Mekong Foreign Investment and Critical Infrastructure Initiative (MFICII), providing capacity building on investment screening and extending it to all Southeast Asian countries. MFICII is currently due to conclude in 2023–24. The initiative works with Thailand, Cambodia, Laos and Vietnam to build their capacity to attract high-quality foreign direct investment, including for critical infrastructure projects. Australia's sharing of our experience with measures such as investment screening helps in building broader, sustained community support for foreign investment in those countries.

A broader MFICII program would help other Southeast Asian countries balance their openness to investment with appropriate broader national interest considerations. Greater alignment and understanding of such processes would assist to increase two-way investment flows between Australia and Southeast Asia as investors increasingly encounter similar laws, regulations and policy perspectives.

Recommendation

15. Explore continuing Australia's capacity-building support on investment screening and extending it to key Southeast Asian countries.

Concerns around workplace health and safety, environmental standards and modern slavery risks can also act as an impediment to investment. Australia should continue its longstanding efforts with regional partners to build strong legal and policy frameworks, including related to workplace health and safety and environmental standards, tackle human trafficking and modern slavery, and support vulnerable workers. Working with governments on these areas will help make investment projects more attractive to global investors, including from Australia.

Recommendation

16. Work with Southeast Asian partners to strengthen legal and policy frameworks on workplace health and safety, environmental standards and modern slavery.

Australia and Southeast Asia share significant current and future skills shortages in key industries such as health and aged care, IT, construction, tourism, and a range of green economy-related fields. There is a major opportunity to develop a mutually beneficial skills training and labour mobility arrangement – workers are trained in Southeast Asia to Australian standards and then work in Australia for a period before returning to their home countries with skills and experience to share. This will require collaboration between industries, unions and governments, including to develop the necessary regulatory framework and appropriate intra-regional mobility pathways.

Recommendation

17. Develop a regulatory framework to facilitate intra-regional hybrid training and work mobility programs in high-priority industry sectors.

Providing opportunities for in-market work experiences would help facilitate the development of business skills, awareness and linkages between Southeast Asia and Australia. A new public and private sector initiative – operating at scale – could help drive these exchanges. This would involve young professionals completing work placements of several months with a company or organisation in the industry related to their field of study in Australia or Southeast Asia. This initiative would build on the Skills Development Exchange Pilot developed under the Indonesia–Australia Comprehensive Economic Partnership Agreement.

Consultations for this strategy suggested a skills exchange involving primary and high school teachers from Singapore and Australia undertaking short-term exchanges to build cultural awareness would be valuable.

Recommendation

18. Establish a new public and private sector multi-country program to arrange professional exchanges and internships in select industries at the company or organisation level.

Gaining market access and assisting businesses to make the most of trade and investment agreements is a priority for Australian diplomatic missions across the region. But this work is labour-intensive and positive results often rely on one-on-one representations with host regulators and on bespoke issues for each company and sector. This process takes time and sustained effort. Australian officials must engage in regular advocacy to preserve these gains, particularly as local trade rules and political-economic conditions constantly change. DFAT and other agencies, such as Austrade, the Department of Agriculture, Fisheries and Forestry, the Department of Industry, Sciences and Resources and the Department of Education, can deliver advocacy and advisory services only up to their level of resourcing of skilled personnel deployed in the region.

Australian agricultural producers and exporters note that their greatest challenge is gaining new and improved technical market access to new markets in the region. Supporting the Australian Government's capacity for negotiation and cooperation on technical market access is vital to maintain and grow trade opportunities with the region.

Australian education providers' participation in the region is facilitated through the work of the Australian Department of Education, Austrade and DFAT. Submissions from the education sector advocated for more government resources in the region to help scope opportunities, negotiate with host governments on regulations relating to transnational education campuses, encourage recognition of qualifications, and support the region's workforce needs. Building relationships with regional ministries is key.

To achieve significant new outcomes on removing tariff and non-tariff barriers to Australian trade and investment, and supporting more commercial engagement, the deployment of additional trade and economic staff to the region and additional staff in Australia is necessary. The case study on the next page outlines the substantive outcomes from the deployment of additional DFAT economic staff in Vietnam over the past two years.



Case study:

Delivering outcomes for Australian business – increased advocacy resources in Vietnam

The deployment of six temporary additional staff to economic teams in the Australian Embassy in Hanoi and Consulate-General in Ho Chi Minh City – enabled by the 2021 Australia-Vietnam Enhanced Economic Engagement Strategy (EEES) – helped Australian company PharmaCare and around 30 other complementary healthcare product exporters to access the Vietnam market.

New regulatory changes had presented complex challenges. The Australian economic teams worked with PharmaCare and Vietnamese and Australian regulators to identify issues of concern and negotiate an outcome that satisfied regulatory requirements. A market seminar was held to explain new export processes to other Australian exporters. Australian companies are now well placed to meet Vietnam's growing demand for complementary healthcare products.

The deployment of these staff in Vietnam enabled commercial advocacy to be ramped up, which led to record growth in bilateral trade. Australia's two-way goods and services trade with Vietnam grew from A\$15.5 billion in 2019 to A\$25.7 billion in 2022. Other notable outcomes include:

- supporting Export Finance Australia to identify market opportunities, including its first two renewables/green transport projects in Vietnam worth over US\$60 million and a further pipeline of deals totalling US\$200 million

- actively supporting ongoing negotiations in power, renewables, critical minerals, and telecommunications involving Australian companies
- supporting the EEES Business Champions Initiative, which included workshops with over 100 Vietnamese businesses, development of a business network, and recommendations for the Australian and Vietnamese trade and investment ministers
- encouraging Vietnam's agreement to the AANZFTA upgrade and Indo-Pacific Economic Framework negotiations
- facilitating development of seven new or revised memorandums of understanding between the Department of Industry, Science and Resources / DFAT and the Ministry of Industry and Trade; the Australian Securities and Investments Commission and the State Securities Commission; the Australian Competition and Consumer Commission and the Vietnam Competition Commission; AUSTRAC / the Reserve Bank of Australia and the State Bank of Vietnam; and the Treasury and the Ministry of Finance
- providing support to the Australian Chamber of Commerce in Vietnam (AusCham Vietnam) to upgrade its capacity and scope through a new Australian Industry Hub in Ho Chi Minh City, with in-market representatives from three Australian industry bodies, and via an advocacy officer position in Hanoi to support greater policy engagement between the Australian business community and the Government of Vietnam.

Recommendation

19. Increase whole-of-government trade and industry policy and commercial engagement capability in Australia's Southeast Asia diplomatic missions and in Australia to assist Australian businesses to use FTAs and deliver market access.

Ensuring the benefits of trade flow to everyone is important in ensuring strong, sustainable economic growth. Australia's Indigenous peoples have been trading with international partners for many hundreds of years. Australia's economy includes a growing number of Indigenous companies. Ongoing domestic consultations with First Nations businesses on the barriers and opportunities to trade and investment have highlighted a number of emerging priorities for the sector. These include the need for support for First Nations business leaders to be able to participate in key international markets, and for the protection of traditional knowledge, traditional cultural expressions and genetic resources. The value of mentoring and learning from First Nations' successes, both domestically and internationally, including through the First Nations network globally, is also emerging as a focus.⁶⁴ Australian Indigenous exporters have expressed interest in new markets across Southeast Asia, including Singapore, the Philippines and Vietnam.

More broadly, the Australian Government has committed to elevating and advancing Indigenous issues in its foreign affairs and trade and investment agendas. This includes the appointment of Mr Justin Mohamed in March 2023 as Australia's inaugural Ambassador for First Nations People, an important step towards placing the perspectives of First Nations people at the heart of Australia's diplomacy and trade policy. As Ambassador, Mr Mohamed will support the Australian Government to develop actions to grow two-way First Nations trade and investment opportunities in Southeast Asia and globally.

Recommendation

20. Establish a targeted program to support Australian First Nations businesses to increase trade and investment with the region.

Young, entrepreneurial women are leading the next generation of businesses in Southeast Asia. Consultations across the region have underlined the importance of this group to boosting economic outcomes. This includes in agriculture, professional and financial services, the digital economy and the creative industries.

Active role modelling of women leaders and women-led businesses will be central to this objective, including by ensuring diversity and gender inclusion on business panels, boards, committees and showcase events. This should remain a focus for governments and businesses alike, to lift women's economic participation and productivity and reinforce meaningful pathways for engagement.

There is value in the Australian Government placing additional focus on this group in its two-way scholarship and visit programs to create greater business linkages, improve gender outcomes, and empower Southeast Asian and Australian female entrepreneurs.

Recommendation

21. Australian Government to facilitate young, female entrepreneur linkages with the region through a greater emphasis in visit and scholarship programs.

Small to medium-sized enterprises (SMEs) are the engine room of the economies of Southeast Asia and Australia as sources of innovation, employment and growth. For growing SMEs looking to expand beyond the domestic market, Southeast Asian markets offer opportunities to access rapidly growing and underserved markets. However, SMEs often lack the resources and capacity of larger businesses to explore new markets.

Austrade and state and territory trade and investment agencies are an essential source of support and advice to Australian SMEs, including through the Australian Government's principal export grant program, the Export Market Development Grants (EMDG) program, and state-based grants and programs. But more could be done to prepare SMEs for the risks and benefits of overseas expansion.

The EMDG program plays an important role in helping Australian SMEs enter new markets and diversify their exports by supporting their export marketing and promotional activities. In the latest grant round, 73 per cent of EMDG recipients targeted North America and Western Europe, while 35 per cent of grantees targeted at least one country in Southeast Asia.⁶⁵

There is scope for the Australian Government to promote a stronger marketing effort in Southeast Asia through the EMDG program, particularly given the current concentration of exports to the region among only a small number of companies. The government should examine the merits of placing a greater emphasis on Southeast Asia in its EMDG program, including allocating a significant proportion of EMDG funding for exporters undertaking promotion in the region.

Recommendation

22. Australian Government to strengthen efforts to support SMEs to trade with Southeast Asia, including through greater emphasis on the region in the Export Market Development Grants program.



Deepen investment

One of the most significant risks faced by foreign investors in Southeast Asian countries is disruption of the operations of companies by governance and regulatory uncertainty, including unclear and changing laws and regulations. De-risking mechanisms, such as political risk insurance (PRI), allow investors to share risks – partly or fully – with public agencies whose objectives, experiences and diplomatic leverage enable them to provide PRI cover for countries and projects with higher political risks. If done right and with the right Australian government agencies involved, this could help reduce risks for Australian investors into Southeast Asia and encourage further investment.



Recommendation

23. Explore the feasibility of new government instruments for reducing risk in investments offshore, including examining political risk insurance.

With most foreign borrowing denominated in major international currencies, countries in the region are subject to foreign currency risk on funding from international capital markets. Local long-term debt markets are often shallow and illiquid. As one of only nine countries globally with a AAA credit rating, Australia is well placed to explore ways to work with Southeast Asian monetary authorities to strengthen their long-term funding capability.

Recommendation

24. Explore working with multilateral development banks to support the development of more resilient long-term debt markets.



Priority sectors

03 Agriculture and food



Key points

- Australia is already a key partner in helping Southeast Asia meet its food security needs, and there is strong potential to develop this trade relationship further towards 2040.
- Technological advances will offer partnership opportunities, while collaborative investments can transform Australian raw commodities into higher-value exports for Southeast Asia.
- Boosting government resourcing to deliver new and improved market access opportunities for business will be key to expanding trade in the region.

Sector overview

Agriculture is critical to sustaining the region's ongoing economic growth, ensuring food security and contributing to livelihoods.⁶⁶ Southeast Asia is one of the fastest-growing markets for Australian agricultural exports. The year 2022 saw a record value of Australian agricultural exports to ASEAN, worth A\$17.5 billion (Figure 3.1).⁶⁷ This is being driven by strong economic growth, burgeoning processing sectors, and targeted efforts to diversify Australian agricultural exports.⁶⁸ In 2022, Australia's imports of agricultural products from the region were worth A\$5.8 billion.⁶⁹

Population growth, rapid urbanisation, rising incomes and escalating food security requirements will continue driving Southeast Asian needs for agricultural products to 2040. There will be greater consumption of meat, seafood, eggs, dairy products and manufactured foods as diets diversify and average wages increase. For instance, Indonesia is projected to experience a fourfold increase in food consumption from 2009 to 2050.⁷⁰

There will be a growing appetite for 'cleaner', sustainable and ethically sourced foods as consumers increasingly prioritise health and food safety in their food choices.⁷¹

High demand for Australian agriculture and food production should continue out to 2040. Australia's favourable combination of complementary agriculture seasons and climates, production capabilities, expertise and geographic proximity makes it an ideal partner for Southeast Asia. In its submission to the strategy, Grain Trade Australia noted Australia is well positioned to meet the region's growing demand

for high-quality products and to benefit 'from the inherent quality, food safety, and stability of Australia's grain and commercial systems.'⁷²

Australian agriculture and food trade with the region is diverse. It includes Australian agricultural commodities critical to food supply chains in Southeast Asia, such as wheat for bakery items, pasta and noodles and animal feed, raw cotton for textiles, barley for beer, and sugar for confectionery manufacturing. Australian wine, meat and dairy products supply the retail and hospitality sectors.

The 'Made in Australia' brand is well recognised to mean high standards. How Australia markets its agriculture offerings, both through government- and industry-led promotion, will be key to ensuring international consumers can readily identify Australian products in market.

The Australian Government has been active in boosting in-country advocacy for agribusiness, which has brought tangible financial benefits (see example in case study on page 45). Together with leadership from industry groups, these activities will be key to maintaining market share in priority commodities.

Figure 3.1
Australia's top agricultural imports and exports with Southeast Asia, by value, 2022

Australia's top agricultural imports from Southeast Asia in 2022	Australia's top agricultural exports to Southeast Asia in 2022
 Edible products and preparations A\$1.3b	 Wheat A\$6.3b
 Seafood, prepared or preserved A\$713.3m	 Cotton A\$2.8b
 Crustaceans A\$415.8m	 Beef A\$1.2b
 Cereal preparations A\$382.5m	 Meat (excluding beef) A\$854.3m
 Animal feed A\$291.6m	 Milk, cream, whey and yoghurt A\$775.7m
 Cocoa A\$291.2m	 Live animals (excluding seafood) A\$734.7m
 Wood, simply worked A\$270.4m	 Sugars, molasses and honey A\$639.7m
 Fixed vegetable oils and fats A\$262.1m	 Fruit and nuts A\$589.7m
 Tobacco, manufactured A\$249.1m	 Cereal preparations A\$500.7m
 Fruit and nuts A\$206.5m	 Animal fats and oils A\$430.3m
Total agricultural imports A\$5.8b	Total agricultural exports A\$17.5b

Source: DFAT, Standard International Trade Classification pivot table, May 2023.



Case study:

AvoFresh – diversifying exports to Southeast Asia

Bundaberg agribusiness AvoFresh is an example of an Australian exporter that has expanded its footprint and diversified its exports in Southeast Asia with support from the Australian Government. It has launched its popular spreads, guacamoles and ‘smashes’ into Malaysia.

Southeast Asia is an attractive market for Australian exporters, with opportunities in the food and beverage and horticulture sectors. In recent years, avocados have moved from what was considered an ‘impulse buy’ to being prominently displayed in retail outlets and sought after by consumers.

AvoFresh’s successful push into Malaysia comes at a time when Malaysian consumers are seeking healthy alternatives for snacks and lunch. Food service outlets are increasingly using avocado in their recipes, often with a local twist. Austrade and AvoFresh identified Malaysia as a long-term market with enormous potential for growth.

To support AvoFresh’s export goals of opening new export markets as a result of the pandemic, Austrade provided tailored export advice, market insights and introductions to importers, distributors and retailers, as well as advice on leveraging marketing strategies through traditional channels and social media. Austrade hosted AvoFresh CEO and Managing Director David De Paoli, Avocados Australia and growers during visits to Malaysia and facilitated business-to-business meetings in Kuala Lumpur. These visits succeeded in building commercial connections and market needs.

The A\$85.9 million Agribusiness Expansion Initiative (ABEI) enabled the Australian Government to provide these services intensively to Australian companies looking to manage risk and diversify. ABEI was a response to unprecedented supply chain disruptions and market impediments during the pandemic, and ran to mid-2023.

Through Austrade, the Department of Agriculture, Fisheries and Forestry, and industry efforts under



Image: AvoFresh products being sampled upon launch at an in-store promotion in Malaysia.

Source: Euro-Atlantic

ABEI, Australia drove tangible benefits in the agriculture sector, including:

- securing A\$824 million in new and improved commercial outcomes and export opportunities through technical market access negotiation and trade cooperation, including in Southeast Asia
- bolstering in-country technical capability to partners with ‘surge’ agriculture counsellor diplomatic deployments to key markets (including to Bangkok and Hanoi)
- expanding the Agricultural Trade and Market Access Cooperation grants program for strategic partnerships with industry to help them diversify into new markets
- enhancing market intelligence to exporters to help them navigate new markets faster.

Across Southeast Asia, Austrade provided more than 3,552 services to more than 1,052 Australian agribusiness and food exporters during ABEI. With an input of A\$1.49 million for seven additional staff, the Australian Government supported business to achieve 440 commercial outcomes for Australia with a potential value of more than A\$282 million. Since the pandemic ended, and travel restrictions were lifted in key export markets, many businesses involved in ABEI – like AvoFresh – have had an ongoing focus on Southeast Asia as a core diversification market.

Beyond trade, Australia's development cooperation program also contributes to the region's food security and agricultural development, with A\$393.7 million in expenditure between 2017–18 and 2021–22.⁷³ Through the Australian Centre for International Agricultural Research (ACIAR) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia has shared its expertise in the agriculture sector to build capability and facilitate collaboration on shared challenges.

“We are excited to be part of this project with ACIAR, which brings together the best research, government and rice industry minds from Vietnam and Australia.” (SunRice)

ACIAR projects have consistently found high returns on investment over the past 40 years. For the period from 1982 to 2022, ACIAR-supported research helped deliver A\$14.7 billion of additional value realised in Indonesia, A\$11.5 billion in Vietnam, A\$4.8 billion in the Philippines and A\$1.7 billion in Thailand. ACIAR found that its projects globally over the past 20 years had realised an average benefit–cost ratio of 43:1 (implying that for every A\$1 invested, A\$43 of benefits are generated). Of this, projects assessed in Indonesia averaged a benefit–cost ratio of over 160:1, 90:1 in Vietnam, over 70:1 in the Philippines, and over 40:1 in Malaysia.⁷⁴

The Australian Government has developed innovative market-led agriculture programs that generate both private sector profits and development impact. For example, since its inception in 2013, the ODA-funded Australia–Indonesia Partnership for Promoting Rural Incomes through Support for Markets in Agriculture (PRISMA) program has partnered with 264 private and public agriculture companies to leverage A\$200 million in investment towards inclusive business models. This has resulted in over 1.2 million smallholder farming households increasing their incomes by A\$786 million.⁷⁵

CSIRO is also exploring growth opportunities presented by the region's growing demand for protein.⁷⁶ Such partnerships and collaborations are bringing proven commercial gains alongside development impacts. An example of a successful commercial collaboration between SunRice and ACIAR is outlined in the case study on the next page.

Australia and Southeast Asia have significant opportunities for two-way investment in the agrifood supply chain, including food and beverage manufacturing and value-added services. Collaborations with Southeast Asian partners could establish processing hubs that enhance the value of Australian raw commodities, with premium markets such as Japan or the Republic of Korea as the ultimate destination. Transshipment hubs like Singapore also offer favourable conditions for the movement of Australian products within and beyond the region.

An emerging opportunity also lies in Australian Indigenous food products, opening new avenues for exploration and market engagement, as illustrated in the case study on page 48.⁷⁷

There is also scope for further capacity building and collaboration for modernisation and digitalisation of the agrifood sector. This includes supporting uptake of rules and standards to facilitate trade and address common interests in relation to digital trade, food and nutrition safety.



Case study:

SunRice and ACIAR help establish a sustainable rice value chain in Vietnam

Image: Ricegrowers Vietnam rice mill and offices in Lap Vo. Source: SunRice Group

Leading Australian-branded food exporter the SunRice Group has partnered with the Australian Centre for International Agricultural Research (ACIAR) on a A\$5 million, four-year project to establish a higher-quality, sustainable value chain for Japonica-style rice in the Mekong Delta region, in collaboration with scientists, growers and government in Vietnam.

In 2018, the SunRice Group acquired its Lap Vo rice processing mill in Dong Thap province, and this direct financial investment was an important step towards establishing a fully vertically integrated and sustainable supply chain in Vietnam. This mill is now a state-of-the-art facility contributing to local employment and the Vietnam rice value chain, while enabling the SunRice Group to strengthen its global supply chains and support its ability to meet demand in over 50 markets it services worldwide.

The SunRice Group utilised the expertise of Australian and multinational organisations from other sectors that have established a presence in Vietnam to better understand the regulatory environment. The company also drew on the Australian embassy for contacts and market insights to support its investment.

‘Vietnam was a natural choice for this project. The growing ties between the Australian and Vietnam governments have created a supportive

environment, and the Vietnamese people have a great entrepreneurial spirit and rice-growing culture,’ said SunRice Group CEO, Mr Rob Gordon.

‘We are excited to be part of this project with ACIAR, which brings together the best research, government and rice industry minds from Vietnam and Australia.’

The Australia–Vietnam Mekong Delta Sustainable Rice Value Chain Project connects smallholder rice-growing communities to high-value international markets and gives farmers economic incentives to grow higher-value rice more sustainably. As part of this public-private partnership, a Centre of Excellence in Milling and Post-Harvest Processes has been established at the SunRice Group’s Lap Vo mill, where staff and students from An Giang University will develop collaborative learning opportunities within the mill environment.

ACIAR has worked with Vietnamese counterparts since 1993, participating in more than 200 agricultural research projects worth A\$126 million to date.

A key focus for ACIAR is partnering with the private sector to establish commercial adoption pathways that deliver higher-value returns to farmers. ACIAR Chief Executive Andrew Campbell believes ‘this project will have a significant positive impact on partnerships between Australia and Vietnam in science, policy and commercial value chain development.’



Image: Indigiearth founder Sharon Winsor with guests. Source: Indigiearth

Case study:

Indigiearth – growing Australian First Nations agrifood exports

Indigiearth is an award-winning, 100 per cent Indigenous-owned and -established business, headquartered in Mudgee, New South Wales. Founded and led by Ngemba Weilwan woman, Sharon Winsor, the company sells premium bush foods made from authentic Australian native products that are ethically sourced and sustainably harvested.

Since its establishment in 2012 with 25 bush food products, Indigiearth now offers more than 200 products, including native foods, candles, diffusers and a range of all-natural skincare products. They also offer services, such as bush tucker catering, masterclasses, cooking demonstrations, cultural education and public engagements.

Indigiearth sources native Australian ingredients from First Nations communities using traditional land management practices. 'Aboriginal growers provide their produce for me to create the products, so it's helping the wider Aboriginal community – it really goes a long way,' explained Ms Winsor.

Premium quality native foods are on-trend in Australia and internationally, with demand increasing from chefs and restaurants looking for an edge. Ms Winsor visited Singapore twice in 2022 to provide a series of dining experiences and masterclasses using native ingredients. She said the Indigiearth brand is as strong as it has ever been and is excited to continue growing her business around Australia and into the region.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on agriculture and food.



Raise awareness

A coordinated ‘whole-of nation’ approach will be key to recognising and capitalising on emerging trends and opportunities. The successful investment and business exposure returns of the Australian Government’s ABEI demonstrates the value of targeted, tailored and coordinated advocacy efforts. The Australian Government can expand on these benefits, leading coordination efforts (including at the state and territory level), industry associations, research institutions and businesses to increase awareness of Australia’s agricultural opportunities with Southeast Asia.

This effort would also support Australian businesses to better identify and adapt to evolving market conditions, including the rapid adoption of modern, digitally appealing marketing approaches, and providing local digital sales platforms in Southeast Asia. Understanding modern market dynamics and embracing digital transformation will be crucial for staying competitive in the region.

Recommendation

25. Pursue a targeted, sustained and modern ‘whole-of-nation’ agricultural trade and investment advocacy effort to drive growth.

Another critical challenge is promoting awareness of Australia’s responsible land management, environmental stewardship, and adherence to environmental, social and governance standards. It will be important to support development of mechanisms for Australian business to provide sustainability credentials. By emphasising these qualities – to customers, businesses and governments – Australian agriculture can build trust and reinforce its reputation in the Southeast Asian market.

Recommendation

26. Promote Australia’s environmental, social and governance credentials along the agrifood supply chain.



Remove blockages

The Australian Government needs to continue to address trade barrier challenges through multilateral and regional bodies (for example, the WTO, the Cairns Group and ASEAN), while at the same time using bilateral agreements to lift efforts to develop and adopt fair rules and standards. Agriculture is not a standing issue handled in existing ASEAN forums, but would be a valuable topic to take forward given its importance to the broader region.

Recommendations

- 27. Advocate for the establishment of ongoing ministerial and senior officials–level engagement on agriculture through ASEAN mechanisms to provide additional forums to reduce barriers to trade.
- 28. Deepen engagement with Cairns Group Farm Leaders in the region (Indonesia, Malaysia, Vietnam, Thailand and the Philippines).

There are a series of existing and emerging import requirements into Southeast Asian markets, including those that relate to halal and environmental, social and governance standards. Australia can respond by developing regulatory frameworks so Australian business can meet halal and other requirements.

Recommendation

- 29. Expand resources for technical expertise and frameworks to support Australian export businesses to comply with new and existing import requirements (for example, environmental sustainability and halal) in Southeast Asian countries.



Build capability

The agricultural and food sector in Southeast Asia is witnessing a strong interest in the adoption of technology. Technological advancements, such as trade digitisation, drone utilisation in water management, virtual audits and smart farming, all play a pivotal role in building efficient, resilient and sustainable agrifood supply chains. Embracing these innovations addresses food security needs but will also position Southeast Asian countries as core, long-term innovation partners.

Recommendations

- 30. Develop and deepen cooperation on sustainable agrifood systems through existing mechanisms and development programs.
- 31. Expand training programs to support regional farmers on world's best agriculture practices (including water, soil, and broader environment and sustainability practices).

Increased importing-country biosecurity requirements and sustainability-related regulations necessitate preparedness by Australian and Southeast Asian agrifood businesses. Proactive management of infectious plant and animal disease outbreaks is crucial given frequent travel, growing interconnectedness, climate change, and variability. Strengthening Southeast Asian trading partners' capability to implement international biosecurity standards can yield mutual benefits.

Supporting precision agriculture, farmer service platforms and livestock health improvement, and combating illegal logging and illegal, unreported and unregulated fishing will present further opportunities for collaboration.⁷⁸

Recommendation

32. Provide long-term support for Southeast Asian trading partners' capacity to address biosecurity threats, including by in-country deployments of specialist technical capabilities.



Deepen investment

Investment in agriculture technology presents significant potential for mutual benefit in countries such as the Philippines, Malaysia, Thailand, Singapore and Vietnam.⁷⁹ For example, Vietnam aims to double the amount of foreign investment in agriculture to US\$34 billion by 2030.⁸⁰ Digitised agriculture practices, precision farming, and advancements in post-farm technology will all be areas of growth.

In mature markets like Malaysia and Brunei, Australia's competitive advantage lies in supplying raw commodities that undergo value-added processing before re-export. To stimulate demand and trade for these raw commodities, Australia should encourage strategic commercial relationships, joint venture partnerships, and two-way investments in supply chains.

Establishing an Australian Agriculture Partnership, which would operate in a similar fashion to the successful Australian Water Partnership, could bring expertise from across Australia to lead cooperation in support of agricultural trade and development in Southeast Asia. This could target the key cross-cutting areas of growth identified above. The Australian Agriculture Partnership would work in collaboration with government, private and non-government organisation partners.

Recommendation

33. Establish an Australian Agriculture Partnership to bring together public and private sector expertise to support agricultural trade cooperation and development in Southeast Asia.

04 Resources



Key points

- Southeast Asia's energy demand has increased by an average of 3 per cent a year over the past two decades and is projected to double by 2050 from 2020 levels.
- Australia is committed to remaining a long-term energy security partner for Southeast Asia while taking ambitious climate action.
- Demand for critical minerals and mining equipment, technology and services needed to electrify and transition Southeast Asia's economies presents enormous opportunities for Australian exports to the region.

Sector overview

Southeast Asia's energy demand has increased by an average of 3 per cent a year over the past two decades and is projected to double by 2050 from the 2020 level.⁸¹ Conventional energy sources currently make up around 77 per cent of its energy mix.⁸² Southeast Asia's energy demand is expected to remain strong until 2050, with 70 per cent projected to be met by conventional energy sources.⁸³

While the region transitions to cleaner energy solutions, oil, gas (pipeline and liquefied natural gas) and coal will continue to play an important role in Southeast Asia's energy security to support economic growth.

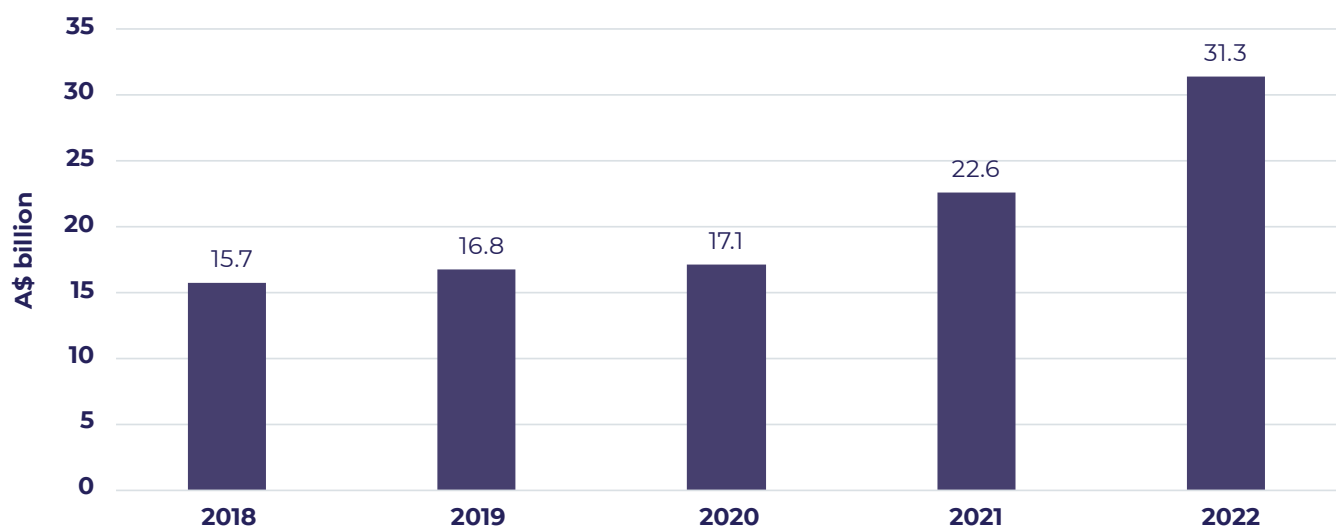
The International Energy Agency (IEA) expects global demand for minerals, including in Southeast Asia, will increase dramatically through to 2040, particularly for lithium, graphite, cobalt and nickel, underpinned by electric vehicle and battery demand.⁸⁴

Other technologies like solar panels, wind turbines and smartphones will also drive the demand.⁸⁵

The IEA anticipates Southeast Asia will play a major role in clean energy supply chains, both as a consumer of low-carbon technologies and as a key supplier of resources, including critical minerals and energy transition metals.⁸⁶ Indonesia and the Philippines are already the two largest nickel producers in the world.⁸⁷

Australia is committed to remaining a long-term energy security partner for Southeast Asia while taking ambitious climate action. Australia is a substantial supplier of Southeast Asia's resource needs, with over A\$31 billion in exports to Southeast Asia in 2022 (Figure 4.1). Energy security is fundamental to Southeast Asia's economic and national security interests, as well as Australia's national interests.

Figure 4.1
Australia's resources exports to Southeast Asia, 2018–2022



Note: Does not include exports of crude petroleum.

Source: DFAT, [Standard International Trade Classification pivot table](#), May 2023.

All countries will determine their own decarbonisation pathways to meet their own individual circumstances aligned to Paris Agreement commitments, and conventional energy sources such as liquefied natural gas (LNG), along with renewables and energy storage technologies, will be a critical part of the energy transition. Australia is well positioned to continue supplying these essential resources.

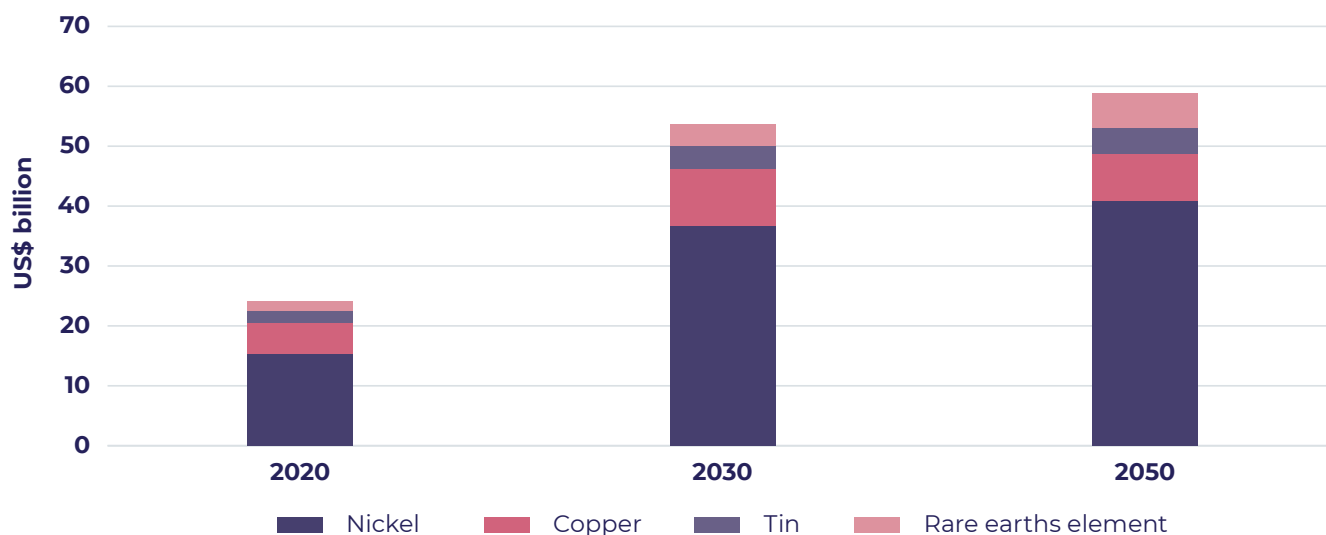
Australia can play a major role in helping facilitate the region's energy transition as a major global exporter of critical minerals and energy transition metals.⁸⁸ As outlined in the Australian Government's Critical Minerals Strategy 2023–2030, critical minerals are fundamental to the global transition to net zero emissions. Australia is a significant producer of critical minerals such as lithium, cobalt and rare earths, as well as energy transition metals including aluminium, nickel and copper.

Australia's rich geological reserves, expertise at extracting minerals, and track record as a reliable

producer and exporter of resources are also key to our capacity to become a producer of raw and processed critical minerals for the region. Increased investment from, and collaboration with, partners in the region will help to build diverse, resilient and sustainable global supply chains, and provide opportunities to attract Southeast Asian FDI that supports increased downstream processing.⁸⁹

The potential revenue from critical minerals and energy transition metals in Southeast Asia to 2050 is significant (Figure 4.2). Australian companies are already increasing their involvement in this sector. For example, Australia's Nickel Industries is unlocking opportunities in Indonesia, which has nearly a quarter of the world's nickel reserves and is expected to account for half of the global production increase in nickel between 2021 and 2025.⁹⁰ The company has recently secured a A\$943 million investment from Indonesian company United Tractors to finance its operations.⁹¹

Figure 4.2
Potential revenue from selected critical minerals and energy transition metals in Southeast Asia, 2020–2050



Source: IEA, [Southeast Asia Energy Outlook 2022: Key findings, May 2022](#).

In Thailand, Australian company Alpha Fine Chemicals Limited is planning to construct and operate a nickel sulphate plant in Rayong province to produce 40,000 tonnes per annum of nickel sulphate crystals to supply the lithium-ion battery market.⁹²

At the same time, companies from some Southeast Asian countries, including Indonesia and Thailand,

have capitalised on opportunities to invest in Australian major resource projects. For example, Malaysian state-owned energy company Petronas has a 27.5 per cent stake in the Gladstone LNG project in Queensland,⁹³ while several Indonesian companies have recently taken stakes in Australian mining operations. Australia welcomes investment in new resources and energy projects.

Australia's global mining equipment, technology and services (METS) exports were worth A\$17 billion in 2020, with 51 per cent of total value destined for Southeast Asia.⁹⁴ METS trade and investment opportunities for Australian companies are likely to continue to grow,⁹⁵ especially given limited in-market capability in mining technology and services in the region. Australia's mining sector is a world leader in efficiency, harnessing new technology and innovation to maximise returns. Australia has pioneered automation and remote operations through autonomous machinery, emerging software, sensors and data analytics, and connected worker technologies – 60 per cent of the world's mining computer software is developed in Australia.⁹⁶ Over 100 Australian METS companies are active in the Indonesian market,⁹⁷ and this could act as a springboard to launch into Southeast Asian mining markets. METS companies could also look for opportunities to partner with Australian and other international investors in the region to maximise potential opportunities.

For example, Australian company GroundProbe has an international service centre in Kalimantan and provides a range of technological services. GroundProbe's trade has accelerated with the lower tariffs and improved investment rules under the Indonesia–Australia Comprehensive Economic Partnership Agreement. The experience of Truflo Pumping Systems highlights the demand for high-quality equipment. Truflo builds industrial-strength pump systems that remove water build-up that negatively affects mining operations. With increasing export sales to the region, Truflo is now expanding its operations to Vietnam and Indonesia.

There are opportunities for further government-to-government cooperation in the resources sector to promote sustainable, safe and efficient mining. This support is crucial to strengthening policy regimes and setting the regulatory conditions that will encourage investment. Government-to-government cooperation is key to building up technical skills in Southeast Asia to develop professional expertise and support the workforces of the future. An example of such cooperation in building workforce capability is set out in the case study on the next page.

A major skills deficit and lack of gender equality in the industry workforce is a significant challenge. Increasing the participation of women in the resources sector in both Australia and the region will be critical to improving productivity and economic growth, boosting private and public sector performance and meeting the Sustainable Development Goals. An example of Australia's efforts to tackle this challenge is set out in Box 4.1.

“Our strong relationships with the Timorese Government and with industry colleagues have been key to maximising the impact of our collaboration ...” (DISR)

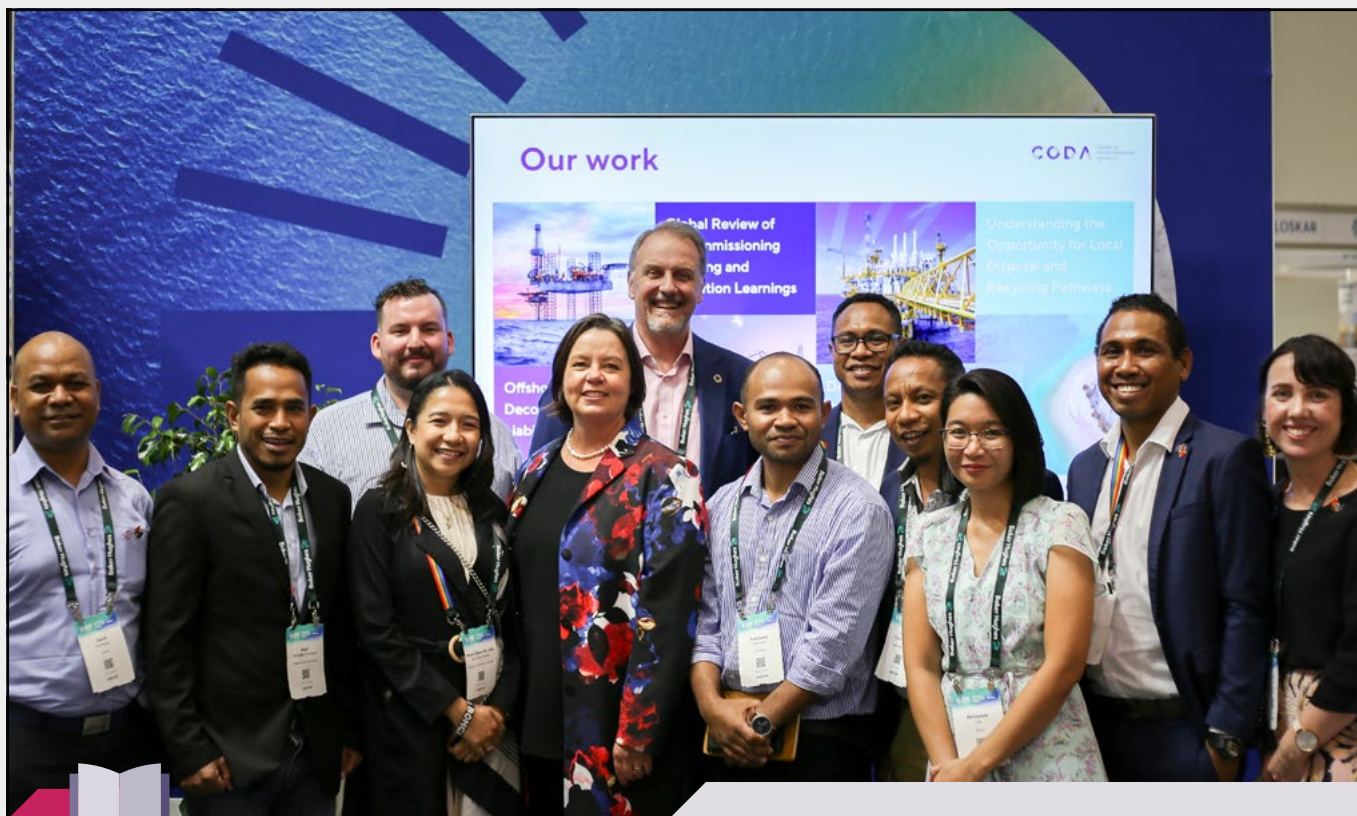


Box 4.1

Aiming for gender equality in Australia's resources sector

Diversity and gender inclusion can boost innovation and productivity in the clean energy sector. The number of women in full-time mining employment in Australia has increased fivefold in the past 20 years – from 8,700 in 2002 to 45,000 in 2022 – with skills shortages driving increased vocational education and training enrolments. Examples of industry-led initiatives to improve gender equality in the sector include the Australasian Institute of Mining and Metallurgy

(AusIMM) annual surveys of women in mining, the Queensland Resources Council's 'Women in Mining and Resources Queensland' mentoring program, and BHP's target for gender balance by 2025 that has lifted its global female workforce to 33 per cent in 2022. In boosting gender equality across these sectors, Australia can help set an example for the region, including as a platform for further dialogue.



Case study:

Timor-Leste – Australia LNG Partnership: Forging the path for the next generation of oil and gas professionals

Image: Participants in the Timor-Leste – Australia LNG Partnership with DISR colleagues; the Hon Madeleine King MP, Minister for Resources and Minister for Northern Australia (centre front); and Dr Francis Norman, CEO and Managing Director, Centre of Decommissioning Australia (CODA) (centre back). Source: CODA

Building workforce capability is a cornerstone of the Timor-Leste – Australia Liquefied Natural Gas (LNG) Partnership, a collaboration between Australia’s Department of Industry, Science and Resources (DISR) and Timor-Leste’s National Petroleum and Minerals Authority.

The partnership is developing highly skilled professionals in a sector that provides a critical revenue source for Timor-Leste and supports the country’s ambitions to build a resilient, diversified economy. The partnership supports collaboration and mentoring to share expertise and build industry connections. Seven small business delegates attended the Australian Petroleum Production and Exploration Association Conference in Adelaide in May 2023. Delegates built relationships with Australian industry specialists, suppliers and potential future clients. After returning home, the group formed an association to support

the local business community and strengthen government engagement and Timor-Leste’s socio-economic development.

Emerging Timor-Leste industry leaders are also being mentored under the pilot LNG Fellowship Program. Professor Eric May, CEO of Future Energy Exports Cooperative Research Centre, said mentoring ‘was a way to contribute to Timor-Leste’s emerging LNG industry, which has the potential to significantly improve living standards and outcomes for many Timorese people.’

The partnership is providing two-way benefits for Australia and Timor-Leste, strengthening private sector development in Timor-Leste and deepening bilateral trade and investment links. ‘Our strong relationships with the Timorese Government and with industry colleagues have been key to maximising the impact of our collaboration, building capability and sharing valuable expertise. We look forward to continuing this important relationship,’ said Dan Glover, Manager of the Timor Sea team at DISR.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on resources.



Raise awareness

Australia should continue to emphasise to the region the key attributes of its resources sector. This includes its investor-friendly business environment, transparent regulatory frameworks, resource potential, highly skilled workforce and advanced technology, and commitment to free trade. These principles and standards can be shared with regional partners, enabling the lessons learned from Australia's experiences to drive private sector development across Southeast Asia.

Bilateral, regional and multilateral forums and regional architecture, including the APEC Energy Working Group, are opportunities for Australia to engage with regional partners, strengthen value chains in the region, and support the clean energy transition. The Indo-Pacific Economic Framework, for example, aims to ensure access to key raw and processed materials, semiconductors, critical minerals, and clean energy technology. METS is a key area of Australian expertise, with opportunities for Australian firms to enter into partnerships to operate in multiple markets in Southeast Asia and promote Australian standards.

Recommendation

34. Promote Australia's capabilities in mining, energy, and METS to support sustainable development in the resources sector in the region.



Remove blockages

Availability of skilled labour poses challenges to the expansion of both the Australian and Southeast Asian resources sectors. In Australia, there is a growing shortage of engineers as staff retire and new graduate numbers decrease. A lack of technical capability in some Southeast Asian countries, coupled with limited geological information, impedes new exploration and investment. Opportunities for women's participation in these sectors are still limited. In Australia, only 36 per cent of students enrolled in science, technology, engineering and mathematics (STEM) courses are women. In Southeast Asia, female students number one in six. Tackling this gender gap, including through scholarships, in both Australia and Southeast Asia will increase the skills supply and deliver stronger outcomes for the resources sector.

Recommendation

35. Offer two-way tertiary scholarships in the resources sector to address skills shortages and gender equality, and enhance Southeast Asia's technical capacity.



Build capability

Consultations undertaken to inform this strategy demonstrated a clear appetite in the region for the Australian Government to share its world-class expertise. Australian government officials can use their institutional knowledge and skills with regional counterparts, including through undertaking geological surveys and supporting the decarbonisation agenda. Ensuring high environmental, social and governance standards is crucial for the region as consumers and investors increasingly demand that manufacturers use minerals that are sustainably and responsibly produced.

There are already opportunities to do this – Geoscience Australia noted its capability to support the transfer of resource data, and to build Timor-Leste’s capability to establish its own data and sample repository. This would support the delivery of the implementation agreements established as part of maritime boundary transitional arrangements between Australia and Timor-Leste.

Southeast Asia is a major market for mining services.⁹⁸ In its submission to the strategy, Australian mining services company Macmahon stated the value of encouraging more Australian mining expertise in the region, as it could help ‘enable the development of underexplored areas and facilitate future critical minerals supply’ in a way compatible with environmental, social and governance goals in partner countries.⁹⁹

Recommendations

36. Geoscience Australia to work with counterparts on geological surveys, geological storage, hydrogen and geothermal energy, and resource data in Southeast Asia to enhance transparency and support exploration and investment in mineral deposits.
37. Provide institutional capacity building through government-to-government engagement to promote the sustainable development of Southeast Asia’s resources sector.

05 **Green energy transition**



Key points

- The transition to a clean energy economy is both the most significant challenge and an opportunity for Southeast Asia and Australia.
- Australia has the expertise and technology to assist the region with its transition needs, and there is also scope to attract investment to support Australia's clean energy manufacturing objectives.
- Diverse and resilient energy supply chains will be critical, and there is potential to collaborate on solar, electric vehicles and battery storage supply chains.

Sector overview

Australia and Southeast Asia share an ambition and imperative to act to combat climate change. We face many shared clean energy transition challenges, with energy systems traditionally reliant on fossil fuels, as outlined in Chapter 4 – ‘Resources’.¹⁰⁰ Southeast Asia faces the additional challenge of rising energy demand, with energy use expected to double by 2050.¹⁰¹ As clean energy technology improves, demand for cleaner trade and investment with Southeast Asia will rise as countries accelerate their energy transition to meet ambitious net zero and emissions reduction targets (Figure 5.1). Increasingly, governments and multilateral organisations are seeking to ‘mainstream’ climate into their policy settings. This means the green energy transition will increasingly inform policy decisions and planning beyond the energy sector, including in Southeast Asia and Australia.

For Australian and regional investors, low-emissions and sustainable technology needs will drive enormous growth in investment opportunities, with around A\$4 trillion in green investment expected by 2030, potentially rising to A\$15 trillion by 2050.¹⁰² With energy investment in Southeast Asia averaging around US\$70 billion per year between 2016 and 2020,¹⁰³ there is a significant financing gap that will need private sector support.

“Austrade’s help in navigating federal, state and local governments ... has been critical in supporting our investment in Australia’s energy transition.”
(ACEN)

Southeast Asia will need an estimated 454 gigawatts in new electricity generation capacity to 2050, with 60 per cent of this in renewables.¹⁰⁴ This would see an estimated investment of A\$640 billion in hydropower, solar and wind projects by 2030.¹⁰⁵ Estimated demand for renewables is projected to dramatically increase, particularly if countries meet their Paris Agreement climate targets (Figure 5.2).

Cross-border interconnections and electricity trading will provide the most cost-effective pathway to increase the share of renewables in the region’s grid.¹⁰⁶ Export-oriented investment in renewables generation and grid infrastructure is expected across Laos, Vietnam, Indonesia and Cambodia, and potentially Australia and Singapore, which are developing architecture for cross-border electricity trading under the bilateral Green Economy Agreement. Reducing energy intensity will also play a major role in meeting emissions targets, with energy efficiency projects estimated to see A\$580 billion in investment by 2030.¹⁰⁷ Energy affordability and security will remain critical for continued economic development and prosperity. Growing electrification will reduce traditional energy security risks from fossil fuel supply chains. But grid and market operators will need more sophisticated tools and expertise to manage reliability.

Figure 5.1
Southeast Asian countries' and Australia's emissions reduction and net zero targets

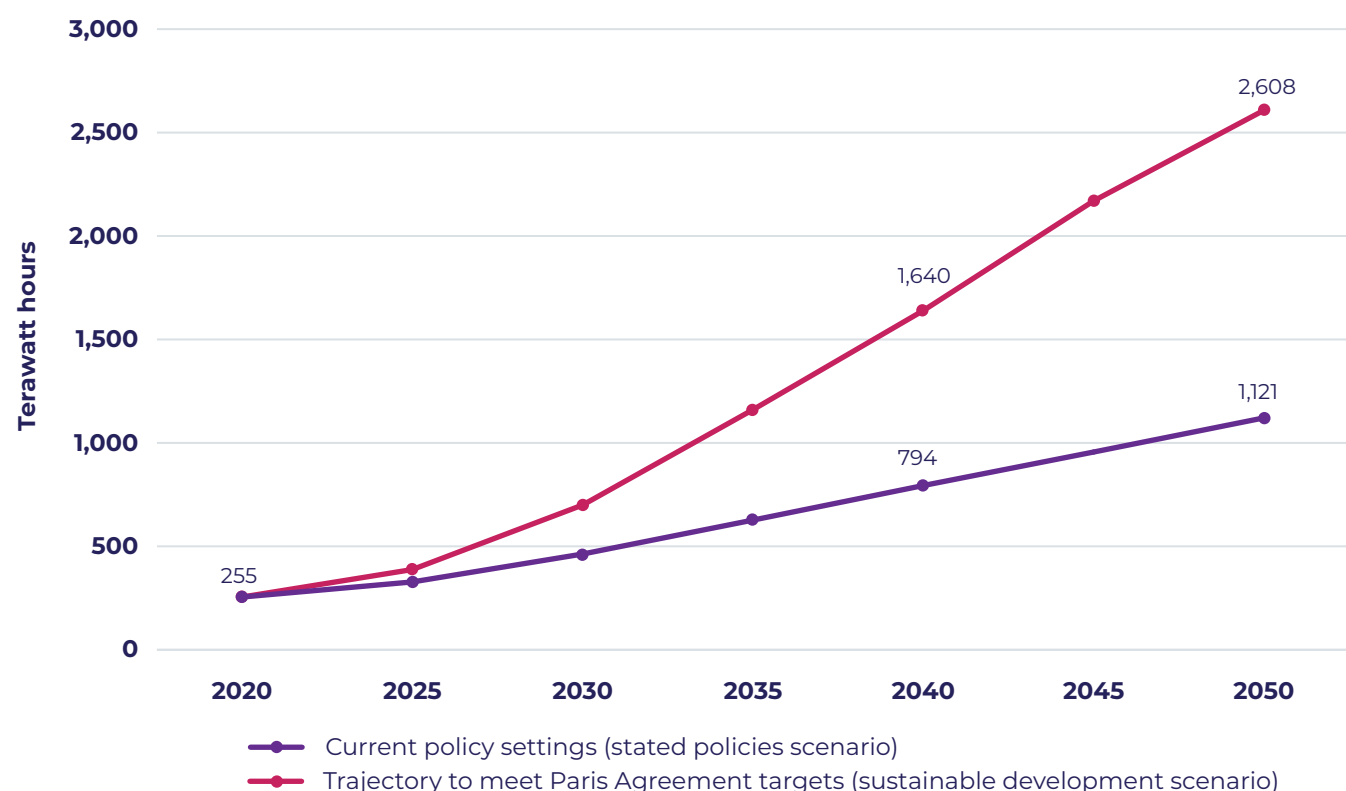
	Unconditional emissions target	Conditional emissions target	Net zero target
 Australia	43% below 2005 levels by 2030		Net zero by 2050
 Brunei	20% below BAU by 2030		Net zero by 2050
 Cambodia		41.7% below BAU by 2030	Carbon neutral by 2050
 Indonesia	31.9% below BAU by 2030	43.2% below BAU by 2030	Net zero by 2060 or sooner
 Laos	60% below BAU by 2030		Net zero by 2050 (conditional)
 Malaysia	45% fall in emissions intensity against GDP below 2005 level by 2030		Net zero by 2050
 Philippines	2.71% below BAU by 2030	75% below BAU by 2030	
 Singapore	Reduce emissions to around 60 Mt CO₂-e in 2030		Net zero by 2050
 Thailand	30% below BAU by 2030	40% below BAU by 2030 and peak emissions	Carbon neutral by 2050 Net zero by 2065
 Vietnam	15.8% below BAU by 2030	43.5% below BAU by 2030	Net zero by 2050

BAU = business as usual; Mt = megatonne; CO₂-e = carbon dioxide equivalent

Notes: Timor-Leste has not yet set a target and is still developing its policy. Conditional targets includes both unconditional and conditional components.

Source: DFAT analysis of national policies.

Figure 5.2
Estimated demand for renewable energy in Southeast Asia, 2020–2050



Note: Estimated demand is based on current policy settings and trajectory needed to achieve Paris Agreement climate targets.

Source: IEA, [Southeast Asia Energy Outlook 2022](#), May 2022.

Australia seeks to become a renewable energy superpower, meeting our own emissions reduction goals and supporting the stable and secure decarbonisation of economies in our region. There is great potential for Australia to support Southeast Asia's energy transition, to position clean and cheap energy as Australia's competitive advantage, via the export of renewables, clean energy expertise and technology. Southeast Asia's clean energy transition presents opportunities to provide project engineering, design, construction and advisory services, and technology. The total value of this market could be up to US\$10 billion per year by 2030.¹⁰⁸

Submissions to the strategy noted Australia is well placed to service this demand, with clean energy transition expertise highly relevant to the region.¹⁰⁹ For example, Powerledger is an Australian company seeing growing demand for its technology supporting peer-to-peer renewable energy trading (see case study page 64).



Case study: **Powerledger powering ahead in clean energy trade**

Image: The T77 community in Bangkok is trading solar energy through the Powerledger xGrid platform. Source: Powerledger

In Bangkok, Thailand, Powerledger is partnering with renewable energy business BCPG and the Metropolitan Electricity Authority to trial rooftop solar energy trading between seven buildings across two precincts in Bangkok.

Vinod Tiwari, Global Head of Business Development and Partnerships, said, 'The dynamism of Southeast Asia, the increasing adoption of rooftop solar and the region's ability to rapidly absorb new technologies is making the region very attractive for Powerledger's expansion. The similarities in the energy transition challenges faced in Southeast Asia and Australia also make Australia's expertise highly valued in the region.'

Each building is allocated energy from installed solar photovoltaic systems. Energy is sold at a price cheaper than the grid, with transactions facilitated through the Powerledger xGrid platform. If a building consumes less than the system generates, it is able to trade the surplus energy with any other building in its network. For renewable energy developers like BCPG, the Powerledger platform enables new business

models and better returns for investing in renewables by maximising renewable energy consumption. For building owners, it provides cheaper energy and the ability to monetise surplus energy. For energy market operators, this pilot has helped them to understand technical readiness, identify challenges and mitigations, and understand regulatory enhancements needed to facilitate a nationwide rollout.

Working with Austrade's market experts and using the network of Australian embassies in Southeast Asia have also been important factors in promoting Powerledger's business. 'Powerledger has joined a number of Austrade-led trade missions to the region, including the Australia Energy Mission to Thailand and Vietnam in March 2023. These are invaluable experiences, allowing us to hear directly from key decision-makers and meet new business contacts and explore opportunities in the region,' said Mr Tiwari.

Powerledger's project in Bangkok has opened further opportunities to showcase its solutions across Southeast Asia, including in Malaysia, Vietnam, the Philippines and Chiang Mai, Thailand.

Australia also represents a sizeable opportunity for Southeast Asian investment towards the clean energy transition. Malaysia's Gentari has recently invested in solar, as well as battery energy storage, in Australia

through its acquisition of WIRSOL Energy, building on investments by Thailand's RATCH Group and Banpu, and the Philippines' ACEN in Australian renewables (see case study below).



Case study:

ACEN Australia shines bright with Philippines foreign investment

Image: New England Solar (Stage 1) in New South Wales will be one of Australia's largest solar projects in the National Electricity Market. Source: ACEN Renewables

ACEN is the energy platform of the Ayala Group, one of the Philippines' largest and most diversified conglomerates.

In 2023, ACEN reached 4,200 megawatts of attributable capacity in the Philippines, Australia, Vietnam, Indonesia and India, with a renewable share of 98 per cent, which is among the highest in the region. The Philippines-based company entered Australia in 2018, with an initial investment of US\$30 million in partnership with UPC Renewables.

The venture launched its first project in 2021, a A\$700 million investment in the first phase of New England Solar in New South Wales. Since then, ACEN Australia's role in the renewable energy sector has grown, with around 60 staff and a development portfolio of 8 gigawatts. In October 2022, ACEN Australia secured around A\$600 million of corporate financing from international finance institutions, including a A\$75 million investment from Australia's Clean Energy Finance Corporation, to accelerate development of its project portfolio.

According to Patrice Clausse, ACEN International CEO, Austrade has played a key role facilitating ACEN's investment in Australia. 'Austrade's help in navigating federal, state and local governments and facilitating the movement of people to and from Australia has been critical in supporting our investment in Australia's energy transition,' Mr Clausse said. ACEN's confidence in the Australian market saw it acquire full control of its joint venture in early 2022.

ACEN sees its investment in Australia as a way to accelerate capability building and skills transfer across the region. ACEN's regional footprint and focus on mobility for staff is starting to see two-way exchanges between the Philippines, Australia and the region, sharing expertise and know-how on our shared energy transition challenges. This is a strong example of how deepening engagement between Australia and Southeast Asia will support energy transition across our region.

Supply chain security in the region will become increasingly important as global demand rises for critical clean energy products like solar panels, wind turbines, batteries and electrolyzers. More of these products, and their raw material inputs, will be needed to meet demand. Southeast Asia will be a key beneficiary of efforts to grow and diversify these supply chains.

Australia's own investments in clean energy manufacturing, including through the National Reconstruction Fund, the Australian Made Battery Plan and the Clean Energy Finance Corporation, will support the necessary supply chain expansion for our own decarbonisation and export goals. This will set up Australian companies to work with Southeast Asia as it invests in expanded clean energy supply chains and new clean energy manufacturing capabilities (see case study below).



Case study:
Redflow charging forward on clean energy storage solutions

Australian stationary energy storage company Redflow aims to lead the clean energy transition by delivering the world's safest and cleanest energy storage solution.

Its ZBM3 battery is the world's smallest commercially available zinc–bromine flow battery and, due to its unique form factor, can be deployed for a range of applications, including commercial, industrial, telecommunications and grid-scale storage.

In 2018, Redflow set up manufacturing operations in Chonburi, one of Thailand's free trade regions and a major automotive and electronics manufacturing and logistics hub.

Redflow's Chief Executive Officer, Tim Harris, said the company moved manufacturing to Thailand because of its advanced manufacturing capability, including a skilled and internationally competitive labour force, and supply chain connections via a deep seaport with shipping routes to its target markets.

Looking to the future, Mr Harris said, 'Redflow will continue investing to further develop our manufacturing in Thailand. The strong local supply base is a fantastic resource and our Thai national general manager demonstrates the ongoing and long-term commitment we have to manufacturing in the region, while also adding significant value to the ongoing operational success of the facility.'



Image: Workers at Redflow's battery manufacturing plant in Chonburi, Thailand. Source: Redflow

'We also appreciate the backing we've had from the Australian Government. The support from the Australian embassy and Austrade in Thailand has really helped us navigate the challenges in establishing our manufacturing presence, including providing market insights to our Australian executive team and boosting our profile by nominating Redflow for a Thai Government APEC Bio-Circular-Green Award and a visit from the Australian Ambassador to our factory.'

Regional consultations highlighted the substantial interest in Australia's expertise and capabilities in emerging low-emissions technologies. For example, clean hydrogen and derivative fuels are being considered for a range of different uses in Southeast Asia. Singapore will be an important market, with uses across maritime, fuel bunkering, electricity, transport and industrial sectors. Vietnam, Malaysia, Brunei, Thailand, Laos, the Philippines and Indonesia are exploring hydrogen's potential in electricity and industrial sectors. Australian technical assistance is already helping build hydrogen expertise and may open future commercial opportunities, including clean hydrogen exports, two-way investment, and partnerships to accelerate commercialisation of new technology.

High-integrity carbon markets and regional trading in carbon offsets could accelerate investment in emissions reduction. Southeast Asia's nature-based solutions, including blue carbon, have technical abatement potential of around 5.2 gigatonnes of carbon dioxide equivalent abatement in 2030.¹¹⁰ Carbon trading is already taking place in Singapore and Thailand, and will begin in Indonesia in 2023.¹¹¹ Vietnam, Malaysia and the Philippines are also planning carbon markets in the next five years.

Government collaboration with industry will remain critical to achieving the region's decarbonisation needs. This includes bilateral partnerships like the A\$200 million Australia–Indonesia Climate and Infrastructure Partnership and the Singapore–Australia Green Economy Agreement, developing regional rules and standards through the Indo-Pacific Economic Framework (IPEF), and capacity-building work in APEC to support sustainable economic growth. Export Finance Australia has invested US\$62 million in clean energy projects and is working on a US\$200 million facility to support Indonesia's energy transition. Australia's development financing instruments have invested A\$67.2 million in climate projects in the region, mobilising A\$177.5 million in private investment and providing 127,291 people in Southeast Asia access to clean energy.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on the green energy transition.



Remove blockages

Consultations for this strategy highlighted key barriers for Australian businesses and investors, including construction risks (such as lengthy approvals and land acquisition), as well as policy and regulatory uncertainty. Other barriers include a lack of consistent data on environmental, social and governance and climate risk, investors' limited knowledge of regional energy markets, and a mismatch between the small deal sizes and costs of due diligence.

Countries in the region are developing new sustainable finance requirements and climate disclosure rules. Ensuring interoperability with Australia's emerging standards will ensure investors and businesses on both sides do not face new barriers.

Recommendation

38. Australia's Treasury should lead expanded work with Southeast Asian partners on high-quality and interoperable sustainable finance classifications and climate-related disclosure rules.

Carbon trading represents an important economic opportunity for Australia and the region. Already more than 5,000 companies globally have committed to setting voluntary targets, including over 500 Australian brands under Climate Active, which could source carbon offsets from Southeast Asia.¹¹² Regional trading in carbon offsets, for both compliance and voluntary markets, will need to be underpinned by harmonised and robust standards of carbon accounting and carbon market governance. The Australian Government could work with international partners and countries in the region to build the infrastructure and technical capability, including monitoring, reporting and verification standards. This would also generate opportunities for Australian companies to provide a range of carbon services, project development and project finance to support market development.

Recommendation

39. Explore establishing standards and regulations to allow for a regional market in low-energy goods, including electricity and carbon, with interested Southeast Asian partners.



Build capability

Australian and Southeast Asian companies will have major opportunities to partner in solar, battery storage and electric vehicle supply chains. Malaysia and Vietnam have the largest solar manufacturing capacity outside of China. With Australia's demand for solar expected to triple by 2040, partnerships with Southeast Asia could help to commercialise Australia's leading solar research and development, secure Australian supplies of solar panels and boost Australian silica exports.¹¹³

In battery storage, Malaysia, Thailand, Indonesia, the Philippines and Vietnam are emerging as regional players in the value chain, with existing manufacturing, growing electric vehicle industries, and policy incentives. There will be opportunities for Australian companies to move up the battery value chain and supply high-value battery material exports.

IPEF is laying the foundation for Australia, Southeast Asian countries and other partners to collectively develop resilient and diverse clean energy supply chains. With Australia as chair, Quad leaders also committed in May 2023 to encourage greater public and private investment and collaboration in clean energy supply chains, research, development and demonstration, and innovation in the Indo-Pacific. The Australian Government should seek opportunities through these platforms to form partnerships with Southeast Asian counterparts to support clean energy supply chains.

Recommendation

40. Draw upon regional clean energy supply chain initiatives to support strategic projects involving Australian and Southeast Asian partners in the battery, electric vehicle and solar sectors.

Consultations in Southeast Asia showed high levels of interest in Australian technical assistance, which could help to create a market for future commercial opportunities. Submissions to the strategy recommended that assistance focus on continued development of detailed decarbonisation pathways, international best practice regulation, and technology transfer. Australia's CSIRO is already working with the region, including on power system transformation and electrification, but there is more CSIRO could do in partnership with regional counterparts, industry, policy agencies and the research sector to advance the clean energy transition.

Recommendation

41. Develop a clean energy science and technology engagement strategy to work with regional counterparts on technical challenges to meet net zero.



Regional consultations highlighted the significant future green economy workforce needs. Southeast Asia will require an additional 5.5 million trained workers in the renewables sector alone by 2050, as well as workers across grid infrastructure, clean energy supply chains, energy efficiency and low-emissions technologies.¹¹⁴

Australia will have its own workforce needs. There is an opportunity to build and share a regional green workforce through future-focused investment in workforce training and dedicated labour mobility programs for green skilled workers. Such a program would see skilled workers from the region undertake training and work in Australia before returning to their home country. This would benefit all sides, delivering the labour force for clean energy transition across the region. Collaboration between industry and education and training providers to develop green qualifications will be key. There is a potential role for the Australian Government to help facilitate this.

Recommendation

42. Support industry and education and training providers to develop and promote green qualifications for the Southeast Asian market.

06 Infrastructure



Key points

- Meeting Southeast Asia's estimated US\$3 trillion infrastructure investment gap¹¹⁵ will require average annual investment of US\$210 billion to 2040.¹¹⁶
- Rapid urbanisation, climate change and digitalisation are driving current and future infrastructure needs in Southeast Asia.
- Australia's deep sectoral expertise means we are well placed to capitalise on the need for investment in the region's infrastructure.
- Assistance from governments across the infrastructure lifecycle, from policy development to project delivery and asset maintenance, will be key to meeting Southeast Asia's infrastructure gap to 2040.

Sector overview

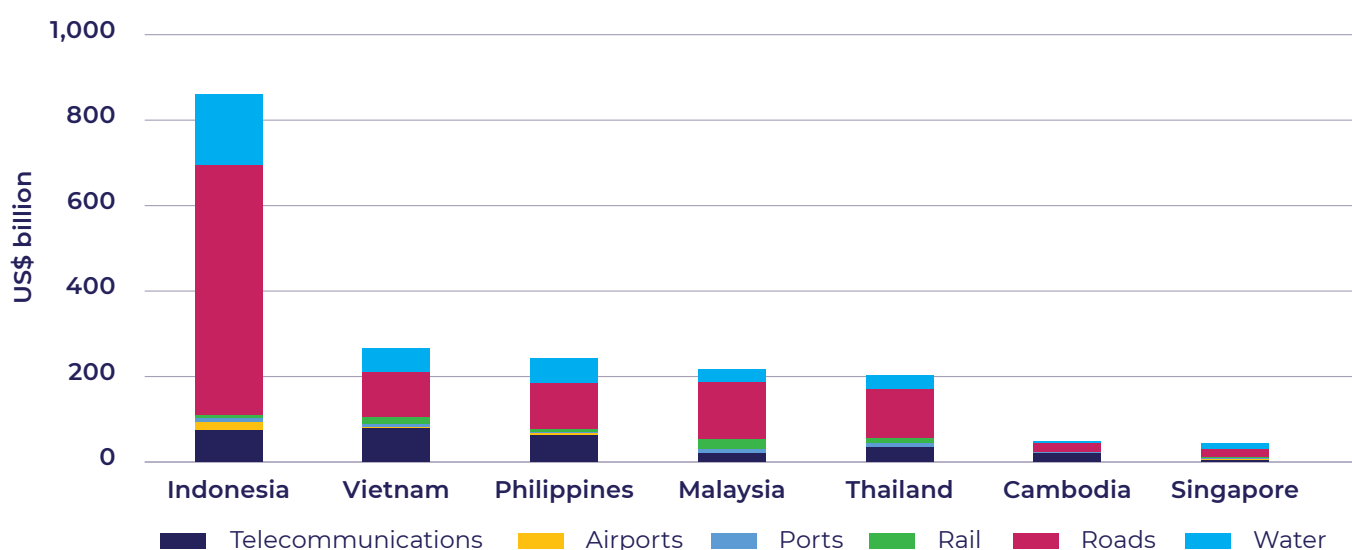
By 2040, Southeast Asia will need US\$3 trillion in infrastructure investment to keep pace with economic and demographic changes and to close infrastructure gaps.¹¹⁷ Rapid urbanisation, the growing digitalisation of economies, and the challenges of climate change will all increase the need for greater investment in infrastructure (Figure 6.1). Closing these infrastructure gaps will require investments in transport to connect the region, in energy to meet the region's clean energy transition needs, and in digital infrastructure to enable future industries and support inclusive and sustainable growth.

As a number of submissions highlighted, rapid urbanisation in Southeast Asia is driving the need

for greater infrastructure investment.¹¹⁸ By 2040, the population of Southeast Asia is anticipated to reach 766 million.¹¹⁹ Cities will absorb this growth, with an additional 115 million people living in urban areas by 2040.¹²⁰ The rate of urbanisation will be fastest in Timor-Leste, Cambodia, Laos, the Philippines and Vietnam.¹²¹

Without significant investments in transport infrastructure, this will lead to greater congestion, pollution and inequitable access to basic services. For example, it is estimated that the Philippines could lose approximately A\$150 million every day by 2035 if it does not resolve traffic congestion.¹²²

Figure 6.1
Infrastructure investment need, by country and sector, 2023–2040



Note: Data unavailable for Brunei, Laos and Timor-Leste.

Source: Global Infrastructure Hub, [Global Infrastructure Outlook](#), n.d., accessed 3 March 2023.

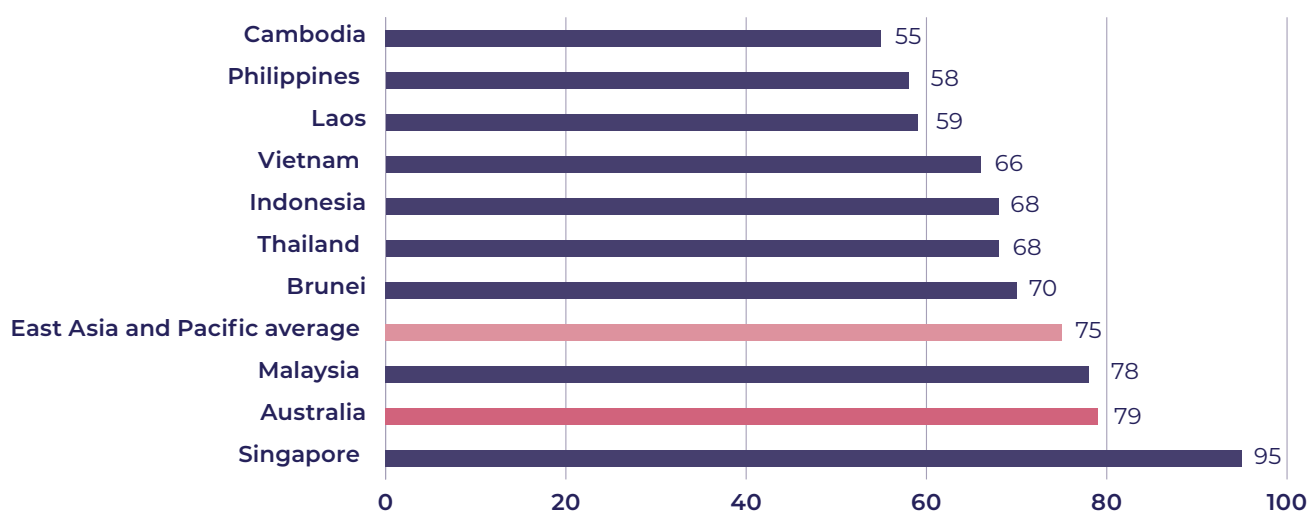
The scale and quality of infrastructure will be critical in supporting the productivity, liveability and prosperity of the region by improving connectivity and facilitating trade, while supporting the everyday life of local populations. Much of this investment will be in roads, water and telecommunications.¹²³ At present, there are stark differences in the quality of infrastructure across the region (Figure 6.2).¹²⁴ Improving infrastructure connectivity will remain a key priority for Southeast Asian governments to 2040. In 2019, ASEAN developed a list of 19 initial priority infrastructure projects, including road, rail, energy, digital, sea and airport infrastructure, aligned to the ASEAN connectivity agenda, and a further 21 projects in the potential pipeline.¹²⁵ The Australian Government is working closely with ASEAN to help update this list through the Aus4ASEAN Futures Initiative.

Rapid advances in technology and the impact of climate change will continue to shape the infrastructure needs of the region. Southeast Asian countries are already investing in automation (for example, Malaysia's green ports), public transportation (for example, the Philippines and Timor-Leste) and transport electrification (for example, Brunei, Vietnam, Indonesia, Thailand and Malaysia).¹²⁶ Rapid urbanisation will see further opportunities to invest in smart cities and transport, including roads, rail, airports, port upgrades and freight digitalisation. Achieving the region's decarbonisation targets will drive significant investments in green energy, sustainable infrastructure and technologies.

Digitalisation is transforming how infrastructure is procured, built and operated. Smart grids, automation of trade and logistics and smart mobility are increasing the efficiency of the infrastructure sector and cutting emissions. Implementing ASEAN's Digital Masterplan 2025¹²⁷ will require over US\$330 billion of investment to 2040 in telecommunications infrastructure to provide the necessary information and communications technology (ICT) access and underpin digital adoption across the region.¹²⁸

There is significant scope for Australia to help meet Southeast Asia's infrastructure needs through both private and public investment.¹²⁹ Most Southeast Asian national budgets lack the capacity to cover the infrastructure gap amid other priorities. At present, public sector financing is estimated to cover up to 50 per cent of planned investment across ASEAN.¹³⁰ Private participation in infrastructure over the past two decades has varied significantly between Southeast Asian countries, both in quantity of projects and monetary investment, with a strong focus on roads, water and sewerage projects (Figure 6.3). While most of Southeast Asia's infrastructure needs will continue to be in greenfield developments, attracting a higher level of risk compared to brownfield projects, there continue to be a broad range of opportunities for Australian companies to explore.

Figure 6.2
World Economic Forum infrastructure quality scores (out of 100)



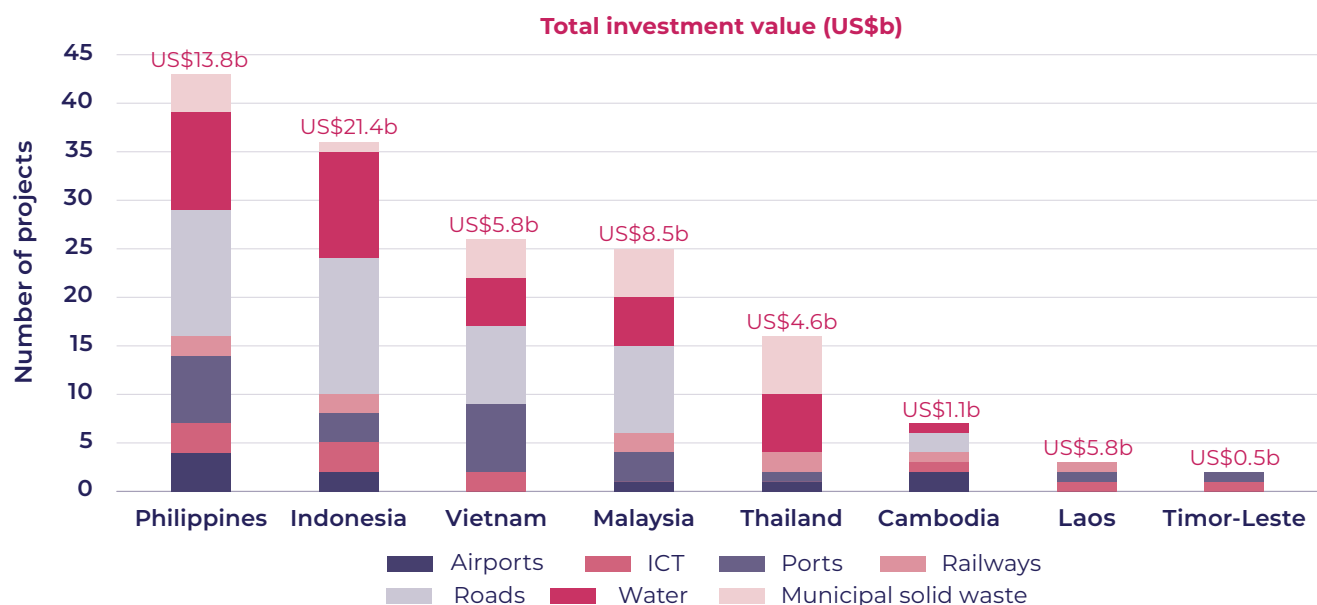
Note: Data unavailable for Timor-Leste.

Source: World Economic Forum, [Global Competitiveness Report 2019](#).

“Business networks, introductions and funding have all supported the growth of our business in the region.” (Aurecon)

Australian industry has deep expertise and can make a significant contribution to private financing of infrastructure in Southeast Asia. Consultations with the Australian private sector highlighted Australia’s strengths in planning, design, engineering, construction and ICT. Australian companies – like Aurecon (see case study on page 76), Worley, BMD, BlueScope Steel, GHD, Lendlease, Linfox, Telstra and Macquarie Group (see case study on page 77) – are active in the region and there are more companies that have relevant expertise to support the delivery of infrastructure in Southeast Asia.

Figure 6.3
Private participation in infrastructure in select Southeast Asian countries, by sector, 2002–2022



Note: Data unavailable for Brunei and Singapore.

Source: World Bank, [Private Participation in Infrastructure Database](#), accessed 3 March 2023.



Image: (L to R) Mr Tuyen Bui – Technical Director; Mr Gabe Carter – Managing Director, Thailand and Vietnam; Mr Thinh Truong – Technical Director; and Mr Huong Nguyen Van – Buildings MEP Practice Leader, at the opening of Aurecon’s new office in Ho Chi Minh City, Vietnam, November 2022. Source: Aurecon

Case study:

Aurecon building on its longstanding presence in Vietnam

Aurecon established its Vietnam office in 1991. It has grown to be the largest international engineering, design, digital and advisory consultancy in the country, supporting both local and offshore work through the establishment of the Aurecon Global Design Centre.

Employing more than 360 professionals, Aurecon has a project portfolio spanning aviation, data and telecommunications, education, health, manufacturing, transport and property.

Aurecon sees tremendous opportunity for its services in Southeast Asian markets, given the increasing need for infrastructure to support growing and urbanising populations, a focus on climate-resilient infrastructure and a rapid growth in digital economy and corresponding infrastructure, such as data centres.

Its landmark projects in Vietnam include design services for the Long Thanh International Airport, serving as the owner’s engineer for the Dau Tieng 1 and 2 PV Solar Power Plant, and building services design for the 472-metre-high Landmark 81 skyscraper. Aurecon also provided engineering services for the FPT Data Centre, set to be the largest Tier 3 data centre in Vietnam on completion.

The market is not without its challenges – competition from local players and skills gaps in the local workforce can be barriers. Aurecon attributes its success in Vietnam to its ability to leverage strong local experts and leaders to build strong client relationships and a diverse client base. Attracting a talented local workforce has also been key. Aurecon established strong relationships with the Ho Chi Minh City University of Technology and the Ho Chi Minh City University of Technology and Education to provide a pipeline of talent for the business.

Aurecon’s Chief Executive, William Cox, also acknowledges the role the Australian Government has played in its success. ‘As a majority-Australian-owned business, Aurecon has been very well supported by the Australian Government over many years. Business networks, introductions and funding have all supported the growth of our business in the region,’ he said.

Aurecon’s Chief Operating Officer, Louise Adams, also worked to support other Australian businesses to succeed in Vietnam, appointed in her personal capacity as one of the three inaugural Business Champions under the Australia–Vietnam Enhanced Economic Engagement Strategy.



Case study: Macquarie Group investing in Southeast Asia's digital future

Images: Macquarie manages investments in AirTrunk (left), Bersama (centre) and PhilTower (right), which are supporting telecommunications infrastructure in Southeast Asia. Source: Macquarie Group

Macquarie has been active in Southeast Asia for over 20 years, with offices in Singapore, the Philippines, Malaysia, Thailand and Indonesia.

Macquarie Group Asia CEO and Senior Managing Director of Macquarie Asset Management, Verena Lim, said, 'Central to Macquarie's approach are our local teams with on-the-ground experience and market knowledge that enables them to realise opportunities for clients and communities. Macquarie has built deep local expertise in sectors ranging from energy and renewables to infrastructure, commodities, real estate and technology.'

Digital infrastructure is one area in which Macquarie is helping deliver positive social, economic and environmental outcomes and supporting the future economic prosperity of this high-growth region.

Through a fund managed by Macquarie Asset Management, Macquarie is supporting the growth of AirTrunk, a leading developer and operator of hyperscale data centres in the region, currently developing a 150+ megawatt data centre in Malaysia.

Macquarie Capital invested in PhilTower Consortium Inc., one of the fastest-growing independent telecommunications companies in the Philippines. DFAT and Austrade subsequently supported PhilTower as it applied for the Greenlane facility of the Philippines Department of Trade and Industry, which was designed by the Philippine Government specifically for strategic sectors to promote their successful operations.

Through a fund managed by Macquarie Asset Management, Macquarie is supporting Bersama, a leading independent telecommunication towers business in Indonesia, to pursue new investment opportunities in telecommunication towers, fibre and data centres across the region.

Macquarie's view is that strong long-term macroeconomic fundamentals in Southeast Asia will continue to drive demand for high-quality digital infrastructure. In turn, this will facilitate the ongoing rapid growth in digitalisation essential to ensuring the region's digital economy remains competitive, and delivering socio-economic outcomes by making technology more accessible to all.

Australia has an advanced and connected transport, research and development, and technology ecosystem, creating opportunities for collaboration with Southeast Asian partners in the development of sustainable transport systems and supporting infrastructure across the region.¹³¹ This includes recognised expertise in technologies such as electric vehicle components, charging infrastructure, cloud-based solutions, grid management and power storage.¹³²

Leveraging Australia's strengths, there could also be opportunities for mutually beneficial partnerships across a number of key areas, including building passive infrastructure (for example, towers, poles and fibre),¹³³ replacing ageing submarine cables in the region,¹³⁴ protecting critical telecommunications infrastructure assets, and accelerating 5G innovation.

While strong demand for infrastructure investment in Australia will continue, collaborative business partnerships and delivery models with Southeast Asian companies – such as the Gamuda model (see case study page 79) – can help ease these constraints and bring opportunities for two-way mobility of skilled and semiskilled workers.

There will be an important role for whole-of-cycle government assistance in the provision of infrastructure projects to meet Southeast Asia's forecasted infrastructure gap to 2040. There is a trend towards and demand for such public financing in Southeast Asia, particularly as sustainability objectives increasingly lean towards green solutions in infrastructure.

The Australian Government has well-respected technical assistance programs in the region, such as Partnerships for Infrastructure (P4I) (see Box 6.1), that support partner governments to lift standards and more effectively deploy public resources towards infrastructure. These programs tend to focus on providing technical assistance on upstream phases of the infrastructure lifecycle, including sector policy and regulation, project prioritisation and planning, and procurement processes.

The Australian Government can also provide infrastructure financing to Southeast Asia through export credit agencies such as Export Finance Australia, private sector-led blended financing facilities (for example, the Private Infrastructure Development Group) and financing initiatives under multilateral development banks (for example, the Asian Development Bank-managed Australian Climate Finance Partnership).¹³⁵



Case study:
Gamuda brings Southeast Asian innovation to Australia's infrastructure

Image: A new metro station within the Parramatta central business district under construction. Source: Sydney Metro

Gamuda Berhad is a Malaysian engineering, infrastructure and property group that operates in nine countries, including Australia, the United Kingdom, Singapore, Taiwan and Vietnam.

Its engineering and property development projects include railways, roads and expressways, tunnels and bridges, water and sewage treatment plants, as well as new residential-commercial townships.

Gamuda Australia was established in 2019 as part of the company's strategy to expand and diversify in the region. It is also helping Gamuda to attract and retain Malaysian talent by offering them opportunities to work across its international business.

In March 2022, the New South Wales Government awarded Gamuda Australia the Sydney Metro West – Western Tunnelling Package project. In a consortium with construction company Laing O'Rourke, the A\$2.16 billion project is expected to have created tens of thousands of jobs by its scheduled completion in 2025.

The project will benefit from Gamuda's advanced technologies, including its artificial intelligence software powering Australia's first autonomous tunnel boring machines. This technology allows for greater precision while reducing excavation time.

Gamuda Group Managing Director, Dato' Lin Yun Ling, said key to Gamuda's success is establishing strategic partnerships with local Australian businesses to exchange knowledge and strengthen their market offering. 'Every operating environment and every Gamuda project is different,' he said. 'Our strong local partnerships are critical to the successes we have, and continue to seek, in the Australian market,' he said.

Austrade in Kuala Lumpur was instrumental in presenting a potential pipeline, facilitating initial scoping and providing introductions to Australian governments prior to Gamuda establishing a permanent entity in Australia. Gamuda's story demonstrates that Southeast Asian businesses can successfully invest in Australia with mutual benefits.



Image: The Partnerships for Infrastructure launch in Manila, March 2023. (L to R) Philippine Department of Transportation Undersecretary, Mr Timothy John Batan; Philippine Department of Finance Undersecretary, Ms Catherine Fong; Australian Ambassador to the Philippines, Her Excellency Hae Kyong Yu PSM; Philippine Secretary of Finance, Dr Benjamin E. Diokno; Special Envoy for Southeast Asia, Mr Nicholas Moore AO; Partnerships for Infrastructure Executive Director, Ms Elena Rose; former acting CEO, Infrastructure and Commercial Advisory Office of the Australian Treasury, Mr Chris Allen; President and CEO of Aboitiz InfraCapital, Ms Cosette Canilao. Source: Australian Embassy Manila.

Case study:

Partnerships for Infrastructure – building capability in Southeast Asia

The Master Plan on ASEAN Connectivity 2025 aims to better connect markets across the region, which is key to growing and diversifying economic opportunities in developing markets like Laos.

The upgrade to Laos's National Road 2 and its cross-border connections will help deliver this, providing a climate-resilient transport route for Laos's farmers to access markets in Thailand and Vietnam. The Australian Government is playing a critical role in this project through design of upgraded border facilities, support for development and implementation of a multimodal transport strategy, advice on logistics facilities, and training to increase the uptake of green design in infrastructure. This is key to accelerating World Bank funding for the project and attracting potential private sector finance.

Australia's assistance is being delivered under Partnerships for Infrastructure (P4I), a four-year Australian Government initiative assisting Southeast Asian governments and ASEAN address critical infrastructure needs through

improved policy and regulation, project preparation and procurement. Strengthening the enabling environment supports development of a pipeline of investable projects, attracting quality finance and bolstering infrastructure productivity.

P4I provides expert technical advice and capacity-building support, including through partnerships between Australian agencies and their Southeast Asian counterparts, and is focused on the region's priorities in transport connectivity, energy transition and digitalisation. It is supporting ASEAN transport ministries to address structural constraints to improved shipping container networks and processing procedures in the region, assisting energy utilities develop and implement energy transition strategies, and helping countries assess the potential of various renewable energy options, such as battery and pumped hydro energy storage, clean hydrogen and green bunker ports. With more time and resourcing, P4I will be able to continue contributing to Southeast Asia's pipeline of infrastructure projects to 2040.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on infrastructure. Opportunities for Australia to engage are diverse and can span the entire infrastructure lifecycle, including planning, delivery, operations and financing.



Remove blockages

Australian companies looking to enter the region often need to navigate fragmented regulatory frameworks. Underdeveloped project preparation and pipeline development limit competitive market processes and increase risk for investors and businesses. For project delivery, this often results in unclear project and planning approval pathways, causing project stop-starts and increased costs to business.

The dominance of state-owned enterprises in some of these markets often sees contracts awarded to local companies, while fiscal constraints have seen governments further prioritise local companies to support domestic growth and development. A lack of transparency in procurement processes can be a major challenge for developers and financial institutions.

Australian diplomatic missions in the region need to be properly resourced to ensure there is expertise on infrastructure investment to work with partner countries to harmonise regulatory frameworks across the region. As noted during consultations, missions should engage regularly with Australian businesses invested in the region and complement the work of the proposed investment ‘deal teams’ (see page 82).

Recommendation

4.3. Resource Australian missions in Southeast Asia to work with partner countries to harmonise regulatory frameworks across the region and lift infrastructure standards to de-risk investments.



Deepen investment

In order to influence a material growth in Australian investment in the region, Australia needs to implement a targeted outward investment approach. A strategic investment facility for Southeast Asian infrastructure projects, with a focus on the green economy transition, and connected to deal teams, technical assistance programs like P4I, and expanded support for project preparation, would support the necessary uplift in Australia’s infrastructure investment. This would provide a more integrated approach to the full lifecycle of infrastructure development.

There are massive infrastructure needs in the region in green energy transition, rail, water, airports and roads. Major infrastructure projects necessarily involve government as well as private sector participation. Through targeted interventions, government can play a role in de-risking (including lowering risk perceptions) and crowding in private sector investment to help catalyse productive infrastructure projects. Australian Government participation with Australian investors and service providers will assist in managing often lengthy project development times, as well as helping manage the political risk involved in long-dated investments.

Australian investment vehicles can be drawn upon to provide direct infrastructure financing. In addition to financing infrastructure projects in the Pacific, Export Finance Australia (EFA) has started financing a pipeline of infrastructure projects in Southeast Asia, following legislative changes in 2019 to extend EFA's financing to overseas infrastructure. This includes two projects EFA has financed in Vietnam. However, the sum of this financing remains limited. Given the modest level of Australian FDI in the region in recent years and persistent perceptions of risk among major Australian investors, the establishment of a dedicated Southeast Asia financing facility would help support more Australian investment in the region. It would make available a valuable source of funding for these investments and also send an important signal of confidence that the Australian Government was willing to invest, helping crowd in private investors.

Recommendation

44. Australian Government to establish a strategic investment facility for Southeast Asian infrastructure projects, utilising Export Finance Australia and other government-supported funding sources.

Through the establishment of new investment deal teams, the Australian Government will be better placed to deliver outcomes for Australian companies interested in investing in the region. The teams will need people with commercial expertise in landing bankable deals. Such a formalised collaboration between Austrade, DFAT and relevant agencies, such as EFA, with a greater number of private sector experts would assist prospective Australian investors to conclude deals in Southeast Asia. This would also assist proponents of investment projects in the region to target and partner with Australian investors, and support efforts to ensure projects are investor-ready.

The deal teams would work with various national authorities (such as the Indonesia Investment Authority) to create outward investment opportunities for Australian corporate and institutional investors. They would also collaborate with like-minded international players to expand financing options. The deal teams would identify assets in specific markets that Australian investors could be investing in, as well as appropriate structuring (corporate, blended funding, tax, risk structures and guarantees) so that opportunities are investor-ready for Australian participants.

Such deal teams could first be established in Jakarta, Singapore and Ho Chi Minh City, with a view to extending these elsewhere in the region once the model has proven successful.

Recommendation

45. Establish new investment 'deal teams' for Southeast Asia, blending private sector and Australian Government capabilities to provide outward investment (including financing) services.

Infrastructure finance to the region is dominated by Japan, China, the United States, the Republic of Korea and European countries, some of whom directly link funding with involvement of their own domestic companies. In some instances, this embeds technology incumbencies and creates requirements for compatibility in infrastructure asset operation and maintenance services, limiting Australian participation.



Australia's P4I program is both limited in resourcing and time, with Phase 1 concluding in 2024. Though it only commenced in 2021, P4I's contribution is recognised and valued by the region. Noting that the benefits of upstream infrastructure assistance take time to be realised, a longer-term approach to funding this program would be valuable. Maintaining the resources necessary to implement P4I's existing service offerings will reinforce Australia's value as a reliable, flexible and trusted infrastructure partner through access to high-quality expertise and advice. As Macquarie's submission highlighted, government assistance in Southeast Asia would be better deployed at the development stage of a project lifecycle.¹³⁶

Consultations highlighted assistance with early-stage project preparation and development activities could provide a critical boost to the region's project pipeline and accelerate infrastructure development. The Australian Government should consider expanding its project preparation support, including for key projects of commercial, economic or other strategic value, with appropriate measures in place to mitigate risk. Expanding this capability would complement other strategy recommendations, including deal teams and a strategic investment platform.

Recommendation

46. Australian Government to extend Partnerships for Infrastructure and expand into early-stage project preparation support.

07 **Education and skills**



Key points

- A burgeoning middle class, youthful demographics and evolving workforce needs will continue to drive strong demand for education services in Southeast Asia to 2040.
- Australian education providers will be well placed to supply this demand, but will need to be responsive to evolving student preferences and industry needs.
- Continued investment in Australia's education offerings, advocacy, alumni and scholarships will help drive Australia's economic and people-to-people connections with Southeast Asia.

Sector overview

Australia's education sector is a national asset in our engagement with Southeast Asia. It has been integral to building enduring relationships and economic prosperity with the region. Over the past 20 years, over half a million Southeast Asian students have studied in Australia.¹³⁷ High-quality Australian education can continue to help countries of the region transform their economies further up the value chain, enabling them to seize opportunities offered by rapid technological change.

Southeast Asia's education and skills needs are diverse and cross-sectoral. As the region grows and needs an increasingly skilled workforce to meet the demands of technological advances and the clean energy transition, more young people will be looking to tertiary education. This will drive strong demand for education services in Southeast Asia to 2040 – Indonesia alone is planning to add 57 million skilled workers to its economy by 2030.¹³⁸

Education is one of Australia's largest services exports to Southeast Asia and contributes to the economy in many ways. The value of education-related travel exports alone was \$5 billion in 2022,¹³⁹ and the export income from courses was A\$360 million in 2021–22.¹⁴⁰

In 2022, Indonesia, Malaysia, the Philippines, Thailand and Vietnam were all top 10 source countries for international students studying in Australia.¹⁴¹ Tertiary education and vocational education and training (VET) make up the majority of enrolments. In 2022, school students from Southeast Asia represented 29.3 per cent of international students enrolled in the school sector in Australia.¹⁴²

Southeast Asia is also one of Australia's largest transnational education markets, which covers offshore campuses, offshore partnerships with local providers, and hybrid and online offerings. Australian transnational tertiary education providers have established campuses in Indonesia, Malaysia, Singapore and Vietnam (Figure 7.1), with RMIT and Monash University the first foreign universities to operate branch campuses in Vietnam and Indonesia respectively. In 2021, the largest numbers of tertiary education enrolments with Australian transnational education providers in Southeast Asia (including in-country campuses) were in Singapore (23,621), Malaysia (17,246) and Vietnam (12,885).¹⁴³

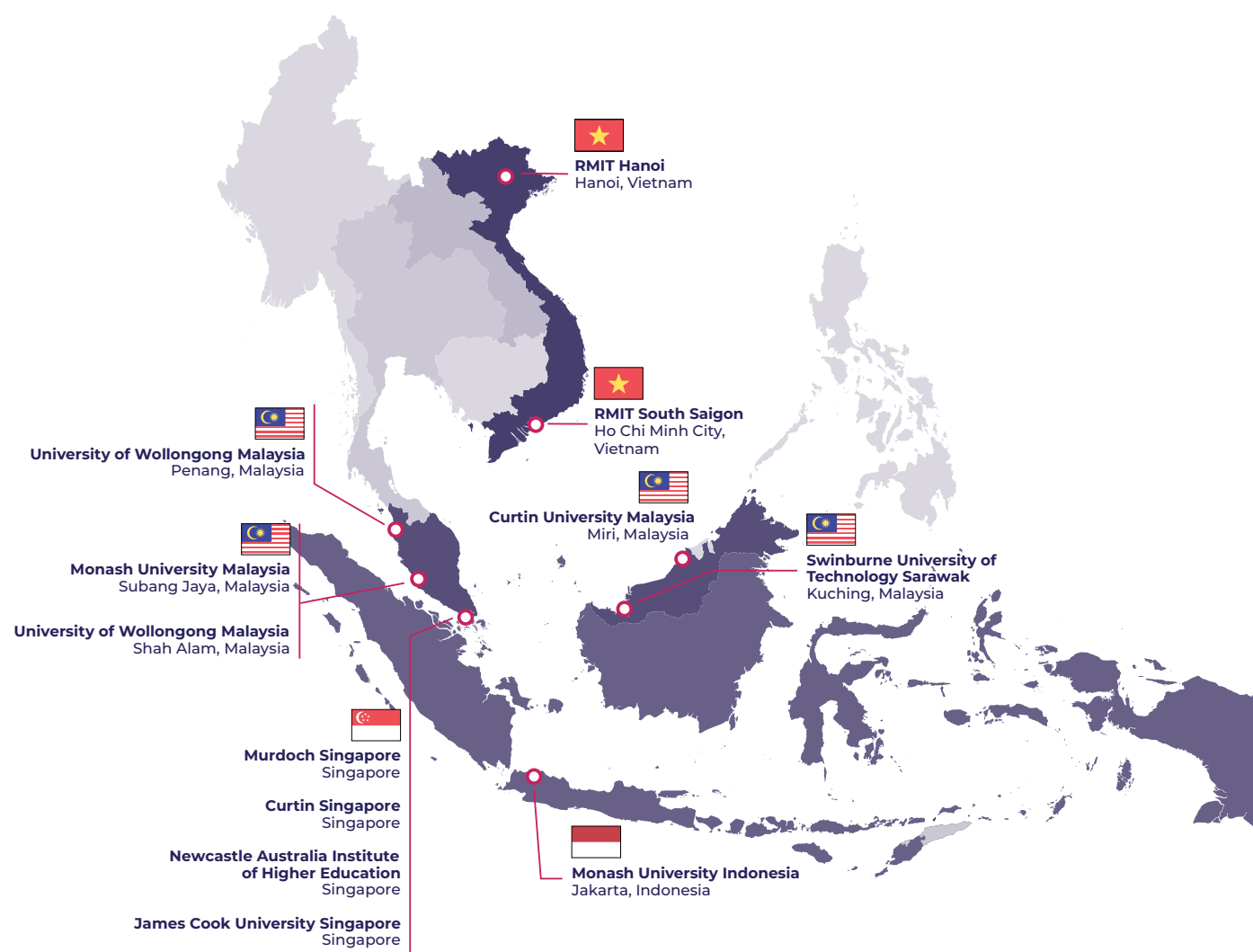
“Relationship building and patience were key to Monash's success.” (Monash University)

Australia's tertiary education and vocational education and training capabilities are well positioned to support the region's skills uplift (see case study page 87). Post-pandemic, enrolment numbers from Southeast Asian students at Australian campuses in Australia and the region are again rising, and demand will likely continue growing to 2040.¹⁴⁴ Demographic shifts and industry megatrends will provide further significant opportunities for Australian education providers. Individuals' education journeys are diversifying – with more mature age students, 'nonlinear' careers, and a focus on continual learning and upskilling.¹⁴⁵ The global online education market is expected to more than double from 2022 levels by 2032.¹⁴⁶

Micro-credentials present an increasingly appealing and cost-effective means of upskilling and can be delivered at scale, support bespoke industry training, and provide industry endorsement or certification. Opportunities exist in Vietnam, Thailand, the Philippines, Indonesia and Malaysia to deliver

industry-recognised micro-credentials in areas such as tourism and hospitality, ICT, cybersecurity, construction and food production.¹⁴⁷ William Angliss Institute is one example of an Australian institution that has successfully adapted its offerings to the region's needs (see case study on page 88).

Figure 7.1
Australian branch campuses in Southeast Asia



Source: DFAT, Austrade and Department of Education



Case study:

Monash University helping meet education demand in the region

Image: Monash University students in Malaysia.
Source: Monash University

Monash has nearly 5,000 students from ASEAN nations enrolled in its Australian campuses and over 9,000 students enrolled in its campuses established in Malaysia and Indonesia. Over 50,000 Monash University alumni live in Southeast Asia.

Monash's Malaysia campus was established in 1998 and has evolved from an early focus on undergraduate education to become a world-class research presence with 500 students currently undertaking PhD programs. The medical degree offered at Monash Malaysia was the first outside Australia and New Zealand to be accredited by the Australian Medical Council.

Monash is also seeking to further enhance its contribution in developing the health system and related research capacity in Southeast Asia. For example, Monash is leveraging partnerships between its medical school, the Monash Victorian Heart Institute, Institut Jantung Negara and the Malaysian Ministry of Health to advance cardiovascular medicine research and clinical care.

Monash's campus in Indonesia was established in 2021 as Indonesia's first international,

foreign-owned university. Indonesia's growing regional and global importance, its young population and Monash's long history of connection with Indonesia influenced Monash's decision to open there. Offering masters and PhD programs, the institution partners with industry on training and research and engages in collaborations directed towards a positive impact on Indonesia's social, technological and economic development. The model provides a pipeline of talent to support the economic and social progress of Indonesia, and is geared to increasingly support the innovation needs of Indonesia tomorrow through research training.

Monash University Indonesia President, Andrew MacIntyre, said, 'Monash benefited from advocacy from the Australian Government in both Indonesia and Malaysia in support of our ongoing interests, including establishing these campuses.'

'Relationship building and patience were key to Monash's success in establishing the Jakarta campus,' Professor MacIntyre said. 'We also encourage others looking to engage in the region to consider the potential of alumni of Australian universities to help when entering the market and building your presence.'



Image: William Angliss Institute students. Source: William Angliss Institute

Case study: **Building tourism capability –** **William Angliss Institute**

William Angliss Institute (WAI) is a global leader in vocational education, specialising in tourism, food, hospitality and events education and training. It has a physical presence in Australia, Singapore, Vietnam, Sri Lanka and China.

Amid the pandemic, WAI collaborated with Cambodian counterparts – the Cambodian National Committee for Tourism Professionals and Thalias Hospitality Group – to deliver a hybrid ‘train the trainer’ program for 68 food production professionals, combining face-to-face and online sessions. This program honed the skills of the participants, preparing them for the post-pandemic reopening of international tourism. Additionally, the program had a broader impact on Cambodia’s vocational framework for food production, facilitating links between industry and vocational education providers, further supporting workforce development.

For over 15 years, WAI has collaborated with the ASEAN Secretariat to foster tourism sector growth in the region, including

through developing common standards and the framework for the Mutual Recognition Arrangement on Tourism Professionals. WAI also supported the creation of the Common ASEAN Tourism Curriculum, offering 52 qualifications from certificate to advanced diploma levels. To enhance capability, WAI has developed train-the-trainer programs.

WAI’s Director, International and Business Development, Mr Wayne Crosbie, said, ‘William Angliss was fortunate to have been involved in such a strategic project funded by the ASEAN–Australia Development Cooperation Program to enable this groundbreaking work to be undertaken. It has delivered very positive outcomes for the 10 ASEAN member states in assisting them to implement the Mutual Recognition Arrangement on Tourism Professionals, facilitating the mobility of skilled labour and improving service standards throughout the ASEAN region. It has also provided WAI with ongoing training and consulting work to continue to support the regional growth of the tourism industry.’

Maintaining Australia's attractiveness as an education destination of choice will also require concerted effort to promote the quality of the student experience. This should be consistent for students, regardless of the mode of delivery or study location. Providers must ensure appropriate support services are delivered to students, taking into consideration local and cultural sensitivities. A key part of supporting a quality experience for Southeast Asian students in Australia will relate to ease of entry for individuals (including visiting relatives), student work rights, post-study work rights and graduate employment prospects.

Australian providers are facing increasing competition in Southeast Asia. Canada, the United Kingdom, the United States, Japan, China and the Republic of Korea are all boosting their education offerings.¹⁴⁸ Some Southeast Asian countries have also strengthened the local capacity of their education systems, with growing numbers of the region's universities achieving higher rankings globally, attracting local and intra-regional students. However, current capacity constraints will continue to place limits on domestic education and training options within Southeast Asia.

More favourable regulatory environments in Southeast Asia will be conducive to boosting Australia's education offerings in the region. For example, Vietnam's regulatory framework enables universities to develop different models of joint teaching programs and allows Vietnamese universities to self-approve joint programs.¹⁴⁹

The Indonesian Government has also relaxed requirements for foreign universities establishing campuses in Indonesia, including more streamlined qualifications recognition and accreditation processes.¹⁵⁰ The Philippines is easing legal restrictions on international education operation and investment,¹⁵¹ and Thailand is prioritising transnational tertiary education partnerships and reforming its VET system to allow further opportunities for providers to deliver training.¹⁵²

International alumni networks are a strength of Australia's education offerings, providing ongoing and longstanding benefits for people-to-people links within the region. This includes numerous government and business leaders from the region who have chosen to study in Australia or at Australian offshore campuses. Currently, the Australian Government supports alumni engagement through individual programs and embassy-led initiatives, while providers support course and institution-based

communities. But submissions from the University of Melbourne and the University of Canberra suggested this engagement could be strengthened, including through the development of a coordinated international alumni strategy in partnership with the tertiary sector.¹⁵³

Australia's education ODA to Southeast Asia in 2023–24 is estimated to be A\$197.6 million, reflecting Australia's commitment to ongoing engagement to support human capital development in Southeast Asia.¹⁵⁴ An example of this assistance is through a VET project under the Vietnam–Australia Human Resource Development (Aus4Skills) program, which aims to equip VET graduates with skills that meet logistics industry workforce demands, improve VET college organisational management, and strengthen Vietnam's VET quality assurance framework.

Australia also demonstrates its commitment through the offering of scholarship programs to Southeast Asian students. Long-term scholarships and mobility programs enable enduring connections to be created.¹⁵⁵ Industry submissions acknowledged the important role Australian scholarship programs have played in developing people-to-people links and stronger institutional ties with Southeast Asia. Melbourne Polytechnic and Box Hill Institute proposed that the New Colombo Plan could be expanded to the VET sector.¹⁵⁶ Submissions from the Group of Eight and University of Sydney also suggested the New Colombo Plan's expansion could cover postgraduate and research students.¹⁵⁷ A submission from the University of New South Wales highlighted the benefit of short-term placements in raising participation rates by students from low socio-economic backgrounds, part-time students, and students with disability.¹⁵⁸

The *Australian Universities Accord Interim Report* makes a number of recommendations on creating a sustainable and globally connected international education system in Australia. Those recommendations are consistent with key themes that emerged from strategy consultations. These themes include strengthening visa pathways for international students; promoting flexibility in the delivery of international education (digital and offshore options); providing a high-quality experience for international students; improving overseas skills and qualifications recognition; and expanding international professional qualifications accords; promoting international commercial use of Australian research capability; and building closer connections between institutions and their international alumni.¹⁵⁹

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on education and skills.



Raise awareness

In the context of growing competition, Australia will need to do more to promote its education offerings to maintain and increase demand for Australian education and training.

Building upon the existing Study Australia website and Study Australia Partnership, additional resources are needed to support a whole-of-nation effort to promote Australian education. Promotion of education products should be in Southeast Asian languages as well as English and tailored to the diverse range of education stakeholders, including students, parents, education agents, alumni and professional bodies. This requires a further investment by government and industry in digital marketing products and services.

Recommendation

47. Australian Government to invest in education promotion across Southeast Asia to raise awareness of Australia's offerings and attract more Southeast Asian students.



Remove blockages

The expansion of the Australian education provider presence and provision of course offerings in Southeast Asia has been the product of extensive and concerted advocacy by institutions and the Australian Government. Barriers to establishing physical campuses, and to course provision and recognition, continue to persist in parts of the region. Assisting Australian institutions to access markets will need to continue to be a priority for industry and Australian Government engagement with some regional governments to encourage regulatory changes.

Recommendation

48. Support expanded offshore delivery of education services through further Australian Government advocacy.

Maintaining Australia's position as a destination of choice for students to 2040 will require competitive policy settings, in line with key competitor countries that have adjusted visa settings and provide employers greater confidence and certainty in recruiting and retaining international graduates. Visa policy should also include consideration of international students undertaking an Australian qualification through transnational education. Some recent changes have been made, including an increase in the duration of post-study work rights of international students by two years in certain occupations and qualifications from 1 July 2023, with further reforms to be considered as part of the Australian Government's Migration Strategy.

Recommendation

49. Australian Government to continue reviewing Australia's education visa settings to ensure they are competitive and fit for purpose to 2040.

Recognition of qualifications is a fundamental enabler of student, graduate, worker and institutional mobility. Greater cooperation in this area, including on new modes of delivery, will be critical to minimising barriers, supporting a more complementary regional approach to qualifications recognition, and increasing trade in education services. Opportunities for engagement and cooperation include through the UNESCO Tokyo Convention and Global Convention, the ASEAN Qualifications Reference Framework, and greater information exchange on systems for education and training, qualifications, quality assurance and qualifications recognition.

Recommendation

50. Australian and Southeast Asian governments to increase cooperation with professional bodies and education providers on qualifications recognition.



Build capability

Australia is committed to driving two-way student exchange with Southeast Asia, including through scholarships. Australia continues to evolve the Australia Awards offerings to ensure these scholarships and conditions for students remain contemporary and competitive. Submission feedback recommended elements of Australia's scholarship and mobility programs could be updated and expanded to ensure they remain fit for purpose, flexible and appealing to a range of students.

The Australian Government is not alone in offering scholarships to Southeast Asian students wishing to study in Australia. State governments, Australian universities and Southeast Asian governments also provide scholarships, which brings further students from a range of socio-economic backgrounds to Australia. To widen these opportunities on offer, governments should look to explore co-financing further scholarships with universities and Southeast Asian governments.

Recommendations

- 51. Australian Government to expand outbound scholarship and mobility programs to include postgraduates and VET students.
- 52. Australian governments to seek opportunities for co-financing with universities and sending countries to increase scholarships for Southeast Asian students.

Southeast Asian students in Australia can make an enhanced contribution to building enduring linkages and understanding between Australia and the region.

Work-integrated learning, such as internships and placements, offer students the opportunity to build professional networks, gain practical skills and experience in their chosen field and demonstrate capability to prospective employers. Work-integrated programs are strongly correlated with positive employment outcomes.¹⁶⁰ Importantly, work-integrated learning also provides both students and employers the opportunity to build cultural literacy.

Australian institutions are well placed to expand opportunities for work-integrated learning and broadening business participation, including with the region's network of business chambers and councils. For example, Universities Australia has said that around 500,000 work-integrated learning placements occur each year in Australia, and with the right policy settings and industry support in place, a further 500,000 could be easily absorbed.¹⁶¹

Recommendation

- 53. Australian Government to encourage universities and vocational education providers to offer work-integrated learning internships as part of course offerings to Southeast Asian students.

Current government alumni programs focus on scholarship students. This should be expanded to encompass alumni of all Australian courses, including short courses and offshore delivery, and both scholarship recipients and privately funded students. Working across governments, business and the education and skills sector to develop an alumni initiative would ensure a joined-up approach. Such an initiative could consider piloting an engagement program to connect alumni with Australian and Southeast Asian business in Australia and the region.

Recommendation

54. Australian Government to coordinate a whole-of-nation initiative to better engage alumni, including a scheme for connecting alumni with Australian and Southeast Asian businesses.



Deepen investment

Australia has a strong foundation to expand research collaboration with Southeast Asian universities, with many Australian institutions already supporting substantial research efforts in countries where they have a presence. However, there is an opportunity for the research community and the Australian Government to enhance this effort through a more strategic approach to investment in research collaboration with Southeast Asian countries. The Group of Eight submission suggested that the Australian Government and industry could consider jointly funding a scholarship program for prospective Southeast Asian students to conduct research in areas of shared national priority.¹⁶²

Recommendation

55. Australian Government to work with industry to fund a Southeast Asia research grants scheme in areas of mutual interest with Southeast Asia.

08 **Visitor economy**



Key points

- By 2040, an estimated 181 million Southeast Asians are predicted to travel overseas each year, up from 40.69 million outbound travellers in 2022.¹⁶³
- Australian businesses are well placed to capitalise on this major opportunity.
- The visitor economy contributes significantly to two-way trade, investment and people-to-people links between Australia and Southeast Asia, adding A\$2.3 billion and A\$4.5 billion to the respective economies in 2022 from visitor spend alone.¹⁶⁴
- Continued investment in marketing, aviation connectivity, infrastructure, visa processing, and training will facilitate increased two-way tourism.

Sector overview

There is a major opportunity to grow two-way tourism between Australia and Southeast Asia. Geographical proximity, people-to-people links, education, and unique cultural and natural environment offerings all reinforce the attractions of two-way travel. By 2040, 181 million Southeast Asians are expected to travel overseas each year, quadrupling current numbers.¹⁶⁵ Australia is well placed to capitalise on the projected growth in traveller numbers in Southeast Asia. Post-pandemic, travel proximity has become a more important factor for travellers, presenting an opportunity for Australia to take advantage of its location relative to competitor destinations.¹⁶⁶

Pre-pandemic, the visitor economy in Southeast Asia employed 42 million workers and contributed 12.1 per cent of the region's GDP.¹⁶⁷ In 2022, Southeast Asia was the most popular destination for Australian travellers overseas (28 per cent), contributing A\$4.5 billion to Southeast Asian economies.¹⁶⁸ In its current Tourism Marketing Strategy 2021–2025, ASEAN identified Australia as its primary target market for inbound travellers, based on its proximity and high spending.¹⁶⁹

Tourism (including recreational travel and education-related travel) has traditionally been Australia's fourth-largest export, and a major employer across Australia with over 725,000 jobs.¹⁷⁰ In 2019, Southeast Asian visitor arrivals peaked at 1.5 million visitors,¹⁷¹ and added an estimated A\$4.2 billion to the Australian economy.¹⁷² Numbers and income are recovering following the impact of the pandemic, and in 2022, Southeast Asian visitors contributed A\$2.3 billion to the economy.¹⁷³ Australia is expected to capture 3.8 per cent (1.2 million visitors) of the total number of Southeast Asians travelling outside of Southeast Asia in 2023.¹⁷⁴

Education and those visiting friends and relatives have traditionally been strong drivers for travel from Southeast Asia to Australia. Pre-pandemic, 20 per cent of all Southeast Asian visitors to Australia were visiting international students, spending an estimated A\$206 million.¹⁷⁵ Australian diaspora communities also attract a significant number of visits by friends and relatives.

While the attractiveness of Australia's tourism offering remains high, we face stiff competition to attract a greater proportion of the outbound Southeast Asian tourism market. Australia will need a targeted approach from both industry and government to realise the opportunity that greater tourism connections with Southeast Asia presents. The visitor economy's high concentration of SMEs in Australia (around 95 per cent)¹⁷⁶ means peak bodies and governments have a role to play in supporting product development, building industry capability and driving demand through marketing.

“Australian businesses should consider Southeast Asia because this region is one of the fastest-growing... We just need to know how to enter the market and personalise our approach to meet their needs.” (Dream Tours and Incentives Management)

High-income leisure and business travellers are another significant cohort of Southeast Asian travellers to attract to Australia, with 4.6 million Indonesian, Malaysian and Singaporean interested travellers in this category.¹⁷⁷ Nationals from these countries made up 72 per cent of Southeast Asian leisure travellers to Australia in 2022.¹⁷⁸

The natural environment will remain one of the key attractions for tourism in Australia and Southeast Asia and there is increasing demand for nature-based experiences.¹⁷⁹ Similarly, Australia's unique First Nations history will be a growing source of interest for tourists, as visitors increasingly value local authenticity, vibrant cultures and a sharing of knowledge (see case study on the next page).¹⁸⁰



Case study:
**Supporting visitors to
'connect to Country' through
Sand Dune Adventures**

Image: Cultural quad-bike riding experience at the Murrook Cultural Centre, New South Wales. Source: Andrew Smith, CEO, Sand Dune Adventures

Sand Dune Adventures (SDA) is owned and operated by the Worimi Local Aboriginal Land Council and is located at the Murrook Cultural Centre in Port Stephens, New South Wales. Its mission is to help visitors 'connect to Country' through a cultural quad-bike riding experience across the Southern Hemisphere's largest coastal moving sand mass with experienced local Aboriginal guides.

Commencing in 2008 with only eight quad bikes, SDA has trained numerous local Aboriginal community members and currently consists of 15 staff, all of whom are local community members, and 100 quad bikes. Among SDA's first international customers was a group from Malaysia, and their enthusiasm and connection to the experience encouraged SDA to explore further relationships with Southeast Asian businesses and customers.

Despite tough years during the global pandemic, SDA is working with state and federal tourism bodies to rebuild and expand these connections, including by joining Tourism Australia's *Australia Marketplace* events in Southeast Asia.

CEO Andrew Smith credits this success in building connections with Southeast Asia to SDA's cultural governance of valuing relationships. 'It is about people, not a monetary exchange', he said. This is reflected by the numerous times returning customers bring back friends and relatives to the SDA experience. As one visitor said, 'I rode out and all I saw were sand dunes, but when I rode back in, I saw and understood Country.' This is the very same eye-opening cultural contact that SDA hopes to share with all who visit.

SDA also partners with and supports other initiatives of the Murrook Cultural Centre, including cultural education, landcare, and its conferencing and catering businesses, providing greater employment opportunities for the local community.

Australia's national strategy for the long-term sustainable growth of the visitor economy – *THRIVE 2030: The Re-Imagined Visitor Economy* – outlines the importance of ensuring tourism offerings are sustainable and climate-aware to meet demand. Some Southeast Asian visitors will also place importance on sustainable practices and will be willing to pay for such experiences.¹⁸¹

Growth in visitor numbers also offers opportunities for two-way investment. Southeast Asian companies, such as Minor International Group from Thailand (see case study below), are investing in Australian accommodation projects. The *Tourism Investment Monitor 2021–22* values the current investment pipeline of tourism projects in Australia at A\$44.3 billion across aviation, arts, recreation and business services, and accommodation.¹⁸² Recent consultations on the International Diversification Strategy for the Visitor Economy revealed Southeast Asian travellers' preference for large family travel, which presents an opportunity for targeted infrastructure development.¹⁸³

There is also a need for culturally relevant infrastructure. Building broader industry awareness and capability, as well as expanding the number of multilingual guides and service staff, will be required to support increased traveller numbers, traveller satisfaction and return visitation. The development of worship spaces, halal food options for Muslim travellers, and more signage in Southeast Asian languages are some examples. The Tourism Training Hub is working to build industry capability through its e-learning courses, including its Tourism Trade Ready and Muslim Host courses (see case study on the next page).

Australia and Southeast Asia can deepen existing collaboration on common issues, share knowledge of best practice tourism and benefit from each other's experiences. Australia and Vietnam, for example, are working together under the Australia–Vietnam Enhanced Economic Engagement Strategy to strengthen bilateral tourism cooperation and support increased two-way visitation. Australia's longstanding development cooperation programs in Southeast Asia are also supporting tourism projects, including skills training, to ensure the economic dividend from the visitor economy is shared.



Case study: **Minor International Group's investments in Australia's visitor economy infrastructure**

Thailand's Minor International Group (MINT) is one of the largest hospitality and leisure companies in Southeast Asia, with investments in 63 markets worldwide.

MINT's hotel group, Minor Hotels, first invested in Australia with the acquisition of Oaks Hotels and Resorts in 2011. They now employ around 8,000 Australians and have expanded their tourism investment portfolio to include Avani Residences in Adelaide, Melbourne and the Gold Coast. MINT's other investments in Australia include a majority stake in Australia's largest home-grown cafe group, The Coffee Club, which has grown to over 400 stores across eight countries. It has also invested in Australian coffee manufacturer Veneziano Roasters and now showcases Veneziano Roasters' coffee products across its Minor Hotel operations worldwide.



Image: Oaks Brisbane. Source: MINT Group

'Minor Hotels' successful business model is built on a foundation of solid international experience, powered by local expertise,' said Chief Financial Officer Wayne Williams. The company combines its corporate expertise with the insights of its in-country partners to create products, services and experiences that meet the specific needs of each market. This approach has allowed Minor Hotels to adapt its business models to suit local cultures and overcome regulatory hurdles by harnessing the knowledge and skills of local partners. As a result, Minor Hotels has established a strong reputation for providing high-quality hospitality and lifestyle services in a variety of markets around the world.

During consultations on the strategy, some stakeholders noted that Australia's visa arrangements and processing times are inhibiting spontaneous leisure and business travel. A competitive and efficient system of tourism visas, with a stronger focus on electronic processing and accessibility, will be necessary to ensure Australia is competitive in attracting Southeast Asian visitors.

Australia and Southeast Asia's visitor economies will need a stable supply of skilled workers to deliver high-quality experiences. Feedback received in consultations suggested Australia's labour shortages were impacting the ability of tour operators to

provide tourism experiences at scale.¹⁸⁴ Increasing the workforce and its capability will be vital for the future success of the visitor economy sector. Attracting students to study tourism and hospitality will be an important element for building the necessary workforce. Australia has education providers with expertise in visitor economy workforce development operating in Australia and Southeast Asia. Expanding opportunities for internships and professional exchanges as part of the vocational education experience in the visitor economy sector could enhance offerings for students.



Case study:

Understanding growing markets and target audiences through the 'Muslim Host' training program

Tourism Australia and the Australian Tourism Export Council have supported industry with the development of the Tourism Training Hub, which provides industry training programs such as the 'Muslim Host' specialist training program.

This program worked with visitor economy SMEs to support their workforce to better understand the needs and interests of Muslim visitors and utilise relevant trade and marketing opportunities.

Dream Tours and Incentives Management (DTIM) founder Doddy Purwoko was central to the development of the 'Muslim Host' program. He has been an accredited inbound tour operator based in Melbourne for 20 years, assisting Southeast Asian travellers, both leisure and business, to arrange their Australian travel itineraries to suit their language, cultural and travel preferences. DTIM has expanded operations in Southeast Asia by setting up an office in Indonesia, which was key to building deeper relationships with travel agents in market. DTIM is also investing in an enhanced web presence to capitalise on interest by digital-savvy Southeast Asian customers.

The global pandemic was disruptive to the visitor economy, but Mr Purwoko sees great potential



Image: Visitors to the Royal Botanic Gardens, Sydney.
Source: Tourism Australia

in the rebounding Southeast Asian market. He said, 'Australian businesses should consider Southeast Asia because this region is one of the fastest-growing for middle-income earners. Their geographical location is so close to Australia and the market size is huge with a lot of potential to do business with, in every sector. We just need to know how to enter the market and personalise our approach to meet their needs.'

DTIM has accessed support through the Export Market Development Grants program and built industry connections through trade shows, such as the Australian Tourism Exchange, which is hosted by Tourism Australia and provides direct exposure for Australian operators to buyers from a wide range of markets, including from Southeast Asia.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on the visitor economy.



Raise awareness

Given strong international competition and the need to grow awareness of Australia's diverse offerings, targeted investment in enhanced marketing will be key to increasing the share of Southeast Asian travellers to Australia. There are opportunities to attract high-income travellers by pitching our marketing efforts at industries with relevant appeal, while also working with industry to ensure visitors have a positive experience and promote Australia when they return home. Artistic, cultural (including sports) and business events are also effective at driving high-revenue visitation.¹⁸⁵ The 'Green and Gold Decade' of major sporting events, culminating in the Brisbane 2032 Olympics and Paralympics, will be a drawcard for additional visits.

Increased government-to-government links can support greater two-way visitor flows, facilitate investment in new enabling infrastructure, and support industry to undertake innovative product development. In Tourism Australia's efforts to boost tourism from India, in-market teams, advertising and engagement with airlines to increase direct aviation capacity have all assisted to deliver shifts in market share.

Travel companies play an important role in attracting leisure tourists and there are further opportunities to work with travel agents in Southeast Asia to raise awareness of Australia. Educating agents on how to sell Australia, extend travellers' length of stay and promote Australia over other destinations helps improve yield. Tourism Australia's Aussie Specialist program builds knowledge and skills of agents on Australia's product offerings, which could be further expanded and promoted in Southeast Asian markets.¹⁸⁶

Recommendation

56. Expand tourism promotion and build industry capability to meet Southeast Asian demand.

Access to international tourism data is key to understanding current and future market trends. Data on Southeast Asia travel can be impacted by the quality and capability of in-country statistical agencies reporting outbound travel. There are opportunities for Australia to assist building data capability with its regional partners to improve traveller statistics across a broader spread of countries in Southeast Asia.

Recommendation

57. Australian Government to identify opportunities to help build visitor economy data capability in key tourism authorities in the region.



Build capability

Businesses in the visitor economy will need to continue to adapt and be equipped with appropriately qualified staff to meet the challenges presented by rapidly changing technology and visitor preferences. Building on the success of the 'Muslim Host' program, industry–government collaborations could be expanded to ensure businesses understand Southeast Asian visitor markets and can cater to the differing needs of its international travellers to ensure a high-quality visitor experience.

Recommendation

58. Government tourism agencies to partner with industry to expand industry-led capability-building initiatives for operators and their employees so that they better understand cultural preferences and expectations of travellers from Southeast Asia.

09 Healthcare



Key points

- As Australia's and Southeast Asia's demographics shift towards larger, ageing populations, demand for healthcare will continue to increase to 2040.
- This will result in greater demand for skilled medical workers, high-value pharmaceuticals, and quality health infrastructure investment.
- Australian healthcare providers are well placed to meet some of this demand; there will also be opportunities for two-way movement of skilled workers.
- Australia's development cooperation program will continue to support health outcomes in Southeast Asia.

Sector overview

Southeast Asia's fast-growing population will create a major increase in demand for healthcare services and infrastructure to 2040. This will put significant pressure on health authorities across the region. New spending needed on health infrastructure is estimated at up to US\$39.1 billion per year on average to 2030, with Indonesia accounting for around 40 per cent of this.¹⁸⁷ Constraints on public budgets will see demand continue to outstrip government capacity, and the private sector will be key to filling the gap.

There will be more than 100 million people aged 65 and older in Southeast Asia and over 6 million in Australia by 2040,¹⁸⁸ necessitating greater government healthcare spending. With health expenditure estimated to be three to five times higher for older people, this will increase demand for specialised aged care.¹⁸⁹



US\$39.1 billion per year

estimated new spending needed on
health infrastructure

to 2030

As the region grows more prosperous, there will be growing demand for higher-quality medical goods and services. Private spending on preventative care will continue to rise. According to industry submissions to this strategy, consumers in the region are moving from healthcare to wellbeing care, resulting in rapid growth in the market for preventative treatments, including complementary medicines. Southeast Asia's market for supplements is projected to be US\$10.6 billion by 2026.¹⁹⁰

Digital health will continue to have a transformational impact in Southeast Asia to 2040, as advances in digital technology provide low-cost ways to improve health outcomes. Southeast Asian governments are building the architecture needed to integrate digital solutions into healthcare systems, particularly

to deliver cost-effective care for underserved rural and remote communities across the region. Digital health will also open opportunities for health services trade without the need for large physical in-market presence, as the Medical Technology Association of Australia highlighted in its submission.

As demographics and trends shift towards greater uptake of health goods and services, there will be further trade and investment opportunities for Australian and Southeast Asian businesses in healthcare. Health goods and services already represent a notable component of trade between Australia and Southeast Asia, with Australian medical-related goods exports to and imports from Southeast Asia worth A\$520 million and \$1 billion, respectively, in 2022.¹⁹¹

There will also be opportunities for Australian healthcare providers in remote monitoring and healthcare management software, including hospital information systems and electronic medical records, cloud services, data security and management, artificial intelligence, and data analytics and diagnostics (see case study below). In submissions to this strategy, medical providers noted the high

take-up of technology across Asia was driving growth in virtual care. This will combine with fiscal and other capacity constraints to drive demand for cost-efficient and cost-effective healthcare. McKinsey estimates that, by 2025, over 75 per cent of the value of healthcare in Asia will be driven by digitalisation of care delivery.¹⁹²



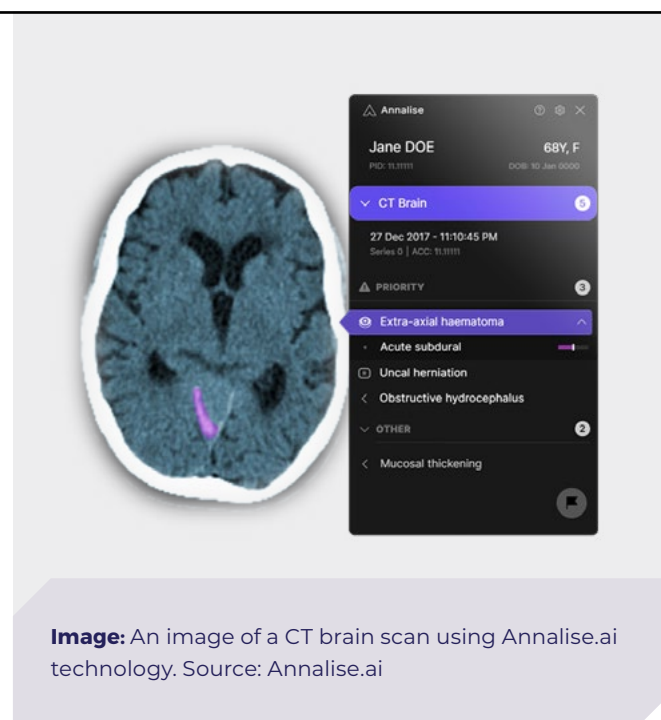
Case study: **Annalise.ai improving clinical decisions and patient outcomes in Southeast Asia through artificial intelligence**

Annalise.ai is a medical imaging artificial intelligence (AI) company formed as a joint venture between I-MED Radiology Network, Australia's largest diagnostic imaging services provider, and harrison.ai, a leading health tech company.

Annalise.ai's solutions are built using leading-edge AI technology to analyse radiology images and detect clinical findings, empowering clinicians to make faster and more accurate diagnostic decisions, helping lower treatment costs and improving patient outcomes.

Southeast Asia plays a significant role in Annalise.ai's growth ambitions, though there are challenges to overcome. Lakshmi Gudapakkam, CEO of Annalise.ai, said, 'The regional demand to improve efficiency and patient care through advanced technologies is a perfect fit for Annalise.ai's vision and strategy.'

'In the healthcare industry, the use of AI is still in its early stages, bringing forth several challenges. One prominent challenge is the need for a robust and scalable digital IT infrastructure. Another challenge is the change management involved in the adoption of any new technology, including workforce training and investments,' said Mr Gudapakkam.



Annalise.ai's solutions are already seeing success in the region. It has signed agreements with the Ramsay Sime Darby Group and the Gleneagles Hospital Kuala Lumpur in Malaysia, and the Hoan My Saigon Hospital in Vietnam for collaboration.

Southeast Asia's tech-capable workforce is also playing an important role in Annalise.ai's operations, with around half of its 300-plus global workforce located in Southeast Asia. In addition, Annalise.ai continues to focus its philanthropic efforts in the region. For example, it has been working with industry partners ASIF and Fujifilm to deliver a portable X-ray machine equipped with its AI technology, Annalise CXR Edge, at Thanh An Island in Vietnam, making significant improvements in people's life.

Partnerships between Southeast Asian and Australian companies help boost understanding of local markets and build resilient business relationships. For example, working closely with local joint venture partners helps navigate limits on foreign ownership of health facilities in most markets, and also assists Australian companies to navigate complex local market dynamics (see case study on page 106). Australian healthcare providers can also take advantage of a range of tax and other incentives to establish private hospitals or public-private partnerships in the region.

Submissions to this strategy further highlighted the importance of Austrade's in-market knowledge, particularly to increase understanding of key purchasers, distributors and procurement processes for health and medical products, and to facilitate introductions. Consultations also highlighted the need to continue building recognition of Australia's health capabilities in the market, particularly with strong competition from companies from the United States, Japan, China, the European Union and the Republic of Korea.

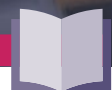
The aged care and geriatric medicine sectors offer particular opportunities. Current care patterns in the region often see older people cared for by family – usually women – in the home, limiting demand for nursing homes, retirement villages and geriatric clinics.¹⁹³ This unpaid care load means gender gaps in paid work and compounds gender inequalities. Investment in care infrastructure will help to redistribute the burden of care and create quality job opportunities, particularly for women. In the short term, demand is likely to be strongest for home-based care before shifting towards rising demand for facility-based care. In Singapore and Thailand, smart technologies are expected to support the delivery of cost-effective and high-quality care for large elderly populations, including assisted living, telehealth and remote monitoring technologies.¹⁹⁴

Australian providers could help meet this need through a range of services, including training in elderly care, training in the differentiated geriatric care needs of men and women, specialist in-home geriatric services, and development and management of aged care facilities.

As Australia continues to age as a society, with the number of Australians over 85 expected to double in the next two decades to over 1 million,¹⁹⁵ demand for skilled medical workers and aged care workers in Australia will continue to increase to 2040. There are clear opportunities for workers from Southeast Asia to bridge skills shortages in Australia, including for short periods of time.

“Southeast Asia is a big part of our future, as a base for our global logistics, supply chain and information technology services ...” (Cochlear)

Southeast Asia is both a major importer and exporter of medical devices and equipment, presenting opportunities to export Australian-made products, invest in medical manufacturing to serve regional and global markets, and grow imports of medical equipment produced in Southeast Asia to ensure resilient health supply chains for Australia. As detailed in the case study on page 107, Cochlear has engaged in Southeast Asia for over a decade.



Case study: **Aspen Medical helping to improve healthcare in Indonesia**

Image: An artist's impression of one of Aspen Medical's hospitals to be built in Depok, West Java.
Source: Aspen Medical Indonesia

There is huge demand for new and upgraded health infrastructure across Indonesia to respond to rising consumer expectations for better healthcare experiences.

In 2020, Aspen Medical formed a partnership, formerly called Sanusa Medika, with Indonesian state-owned enterprise PT Jasa Sarana to build hospitals and community healthcare clinics in West Java.

With high demand for services for women, children and reproductive healthcare, these facilities will see opportunities to improve healthcare outcomes for women and children. Australian Government support has played an important role, with the Katalis partnership program under the Indonesia–Australia Comprehensive Economic Partnership Agreement funding feasibility studies on the first two hospital projects.

According to Aspen Medical Indonesia CEO, Dr Andrew Rochford, a long-term view and an appreciation of the local business culture is key.

'These markets are not without risk, but Indonesia is liberalising and if you take the time to build personal relationships and work through some unexpected challenges, Indonesia is an exceptionally welcoming market,' said Dr Rochford. 'We have been lucky to have the support of the Australian Ambassador to Indonesia and the Katalis program.'

While regulatory uncertainty and changes can create challenges to doing business in Indonesia, Aspen Medical has drawn on the knowledge and experience of its local partner and its own willingness to learn the local business culture and practices to navigate through these events.

Aspen Medical is continuing to grow its presence in Indonesia, including partnering with Bundamedik Healthcare System to train and empower local nurses and develop programs to improve women's health in east Indonesia.



Case study:

Cochlear expands its presence in Southeast Asia

Established in 1981, Cochlear is a global leader in hearing-implant devices. Its technologies have transformed the lives of more than 700,000 people globally, including 9,000 people in Southeast Asia. The region is a growing support base for the company's global business activities.

Initial market entry into Southeast Asia was through partnering with distributors in each country. Cochlear was the first company to offer Cochlear implants, so the entry strategy was focused on building the market by training surgeons, building awareness of the indications and benefits of Cochlear implants, and – very importantly – educating governments. This is an inherently long-term approach requiring time and capital. The path for care, the expertise and infrastructure all had to be developed from the ground up. As markets grew, however, Cochlear opened offices in countries and slowly built its own employee base. These employees worked alongside its distributors, including in Thailand, Singapore and Malaysia. Each country has different practices and healthcare systems, so strategies had to be specific to each market.

In 2012, Cochlear began building an ICT support unit in Malaysia to provide a global help desk, systems architecture and design, and database support. The company expanded in 2016, centralising global repair and maintenance activities in Kuala Lumpur. Malaysia was selected due to its deep pools of skilled workers and business-friendly climate. Today, its Malaysia facility is the third-largest site in the Cochlear network, with locally recruited technicians manufacturing sound processors for Cochlear hearing-implant systems for customers around the world.

Cochlear's investment in the region also involves building medical skills. At the Cochlear Training and Experience Centre in Jakarta, Cochlear's objective is to share knowledge with local audiologists. Cochlear CEO and President, Dig Howitt, sees great potential in Southeast Asia.



Image: (L to R) Adrian Chong, Labchem, and Hon Sooi Huat, Cochlear Baha bone-conductive implant recipient, with Amy Zheng, General Manager, Asia Growth Markets, Cochlear, at Cochlear's global manufacturing facility expansion ceremony in Malaysia, October 2022. Source: Cochlear

'Cochlear is a global company and Southeast Asia is a big part of our future, as a base for our global logistics, supply chain and information technology services and a growing market for hearing implants,' said Mr Howitt.

As a proudly Australian company, Cochlear has worked closely with Austrade's regional network to make connections in local markets and recommends that others looking to the region do the same.

Cochlear's confidence in the manufacturing capability and international competitiveness of the region saw Cochlear commit in late 2022 to a RM30 million expansion at its Malaysian site. This will support growing demand for Cochlear's hearing implants globally. The new facility will be powered 100 per cent by renewable energy, supporting Malaysia and Cochlear to reach their net zero targets by 2050.

Demand for high-value pharmaceuticals and biotechnology products, including vaccines, will continue to grow across the region. Local partnerships will be important, as countries seek to expand their own manufacturing capabilities. Moderna's investment in mRNA manufacturing capability and research and development in Australia will also present opportunities to collaborate with the region on new vaccines targeted at regional health issues. There will also be potential to partner with companies and research institutions to accelerate research and development and commercialisation.

In addition to the opportunities these trends will offer businesses, government engagement will be fundamental to supporting strong and resilient health outcomes in the region. Australia is supporting universal health coverage in Southeast Asia through the Advance Universal Health Coverage Multi-Donor Trust Fund with the World Bank, by strengthening health financing and health service delivery systems. Australia's National Health and Medical Research Council has also funded 103 research grants worth A\$95 million from 2013 to 2022 for research involving partners in Southeast Asia on issues ranging from eliminating tropical disease to dementia care.¹⁹⁶

At a regional level, ASEAN member states and international partners have established the Asia eHealth Information Network to assist Asian countries to develop and implement national digital health strategies. Future priorities include standardising and strengthening regulatory frameworks; improving digital literacy, capacity and infrastructure; standardising the quality and interoperability of digital applications; and enriching regional and global collaboration.

Australia's development cooperation programs are already supporting strong and resilient health systems in Southeast Asia. Through Partnerships for a Healthy Region,¹⁹⁷ the Australian Government is investing A\$620 million in the health of Southeast Asia (and the Pacific), including strategic partnerships and projects aimed at preparing for and responding to infectious disease outbreaks; the detection and early treatment of non-communicable diseases; and supporting health promotion, mental health awareness and suicide prevention. The partnership also supports the development and introduction of novel vaccines, drugs, diagnostics and vector control technologies to the region. It works to expand government agency partnerships, including the work of Australia's Therapeutic Goods Administration (TGA) in strengthening the capacity of national regulatory authorities, and CSIRO's support in areas such as laboratory strengthening, biomedical manufacturing and digital health.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on healthcare.



Remove blockages

The wide range of national regulatory frameworks in the region is a challenge. Pharmaceutical companies and regulated medical device manufacturers need to lodge a product application with each national regulatory authority for the product to be available on the market, leading to lengthy regulatory approvals that delay market access for many products in Southeast Asia.¹⁹⁸ Australia's TGA, Southeast Asian national regulatory authorities and regional mechanisms such as ASEAN's Joint Assessment Procedure for Pharmaceutical Products are working to increase mutual recognition, cooperation and reliance among Southeast Asian markets so products approved in one Southeast Asian market can access several markets.

Australia should also explore ways to improve recognition arrangements for TGA-approved products by Southeast Asian national regulatory authorities to allow for speedier access to regional markets, including via memorandums of understanding to support exchange of information and documentation between national regulatory authorities.

Recommendation

59. Australian Government to work with the medical industry to expedite efforts towards recognition or reliance arrangements for Australian-made, TGA-approved medical devices and pharmaceuticals in Southeast Asia.

Inconsistencies in labelling requirements and halal certifications pose challenges, particularly for complementary medicines. Businesses need to factor in the cost of country-specific labelling rules and obtaining halal certifications for different markets. Australian complementary medicine, health supplement and pharmaceutical producers also face strong competition from manufacturers in Southeast Asia and nearby regions that limit opportunities to compete in the low-cost segment of the market. The Australian Government will need to continue to work with industry to address market barriers in the region, including through the whole-of-government Non-Tariff Barriers Action Plan.

Recommendation

60. Australian Government to work with industry and regulators to identify and address high-priority non-tariff barriers in the health sector.



Build capability

World Health Organization analysis shows Southeast Asia faces the world's largest needs-based shortage of nurses and midwives.¹⁹⁹ Ratios of doctors in Southeast Asia also sit below the OECD's average in many markets.²⁰⁰ Australia's own workforce needs will also be significant.²⁰¹

Building workforce capability will be key to uptake of digital and advanced medical technologies in the region. Collaborations between training providers, clinical societies, and digital and medical technology companies could lift both the region's workforce capability and further new medical technologies and treatments, improving health outcomes and opening commercial opportunities.

Australian institutions and training providers could help train a health workforce to the benefit of Australia and Southeast Asia, involving short-term placements in Australia. Australian education providers would play a key role, training medical practitioners to attain relevant qualifications in-country, either through their own campuses or in partnership with regional institutions, or in Australia and working with medical centres to meet clinical placement requirements.

Monash University Malaysia is a potential model, with doctors and pharmacists at its Kuala Lumpur campus trained to Australian standards and able to conduct their clinical placements in Australia. Such a scheme could align with reforms being considered by federal, state and territory health ministers in response to the interim report of the independent review conducted by Robyn Kruk AO, which recommends strategic partnerships in the Indo-Pacific region to support training of medical practitioners to Australian standards and with pathways to the Australian market.²⁰² As outlined in Chapter 11 – 'Professional and financial services', collaboration between regulatory and professional bodies helps streamline registration processes to facilitate the movement of health and aged care practitioners to fill workforce shortages in Australia and the region. Australia's free trade agreements with the region have specific provisions and platforms for profession-to-profession collaboration, but currently there are no mutual recognition agreements in place for medical professionals between Australia and Southeast Asia.

Such engagement would promote the exchange of knowledge and expertise that would assist in developing best practice in the health sector accreditation and regulatory systems. Governments may be able to play a supportive role, including through development partnerships, in this work. For example, the Katalis program under the Australia–Indonesia Comprehensive Economic Partnership Agreement recently undertook a comparative assessment of nursing standards in Indonesia and Australia to identify gaps in core competencies and support greater mobility for Indonesian nurses.²⁰³

Recommendation

61. Support state and territory governments to work with Australian institutions to develop a health practitioner training program with key Southeast Asian countries.

Continuing and expanding regulator-to-regulator cooperation, and promoting compatibility between Australian, Southeast Asian and global frameworks and platforms through the TGA regulatory strengthening program, will support health outcomes in the region and its growing health market. Moreover, CSIRO's Australian e-Health Research Centre has world-leading capabilities in digital health and expertise in international digital health standards.

Sharing this expertise with Southeast Asian policy agencies, including supporting the adoption of international digital health standards, will support continued development of the digital health market and cross-border digital health trade. It will also provide a solid foundation for future avenues of cross-border health services trade – for example, clinical decision support utilising specialists in other countries. Both these initiatives could be supported under the Australian Government's recently announced government-to-government partnerships program.

Recommendations

- 62. Expand the TGA regulatory strengthening program to build the capacity of regional regulators.
- 63. Support regional health policy agencies to build digital health capabilities and policy frameworks, led by CSIRO's Australian e-Health Research Centre.



Deepen investment

For medical researchers and startups, cross-border collaboration can accelerate development of new products and treatments, improve access to new markets and open new sources of investment. MTPConnect, Australia's Industry Growth Centre for the medical technology, biotechnology and pharmaceutical sector, is building Australia's connections to global medical innovation. Under MTPConnect's Researcher Exchange and Development within Industry (REDI) fellowship program, Australian researchers, clinicians and professionals have been placed with industry partners in North Asia, the United States and Europe.

The Australian Government could work closely with industry to help accelerate innovation and commercialisation and improve access to markets in Asia through stronger connections with medical innovation hubs in Southeast Asia. Cooperation could include tailoring research and development and product development to address diseases and care needs particular to Southeast Asia through research collaboration and professional exchanges.

Recommendation

- 64. Australian diplomatic missions to work with industry to foster stronger connections between medical innovation hubs in Australia and Southeast Asia.

10 **Digital economy**



Key points

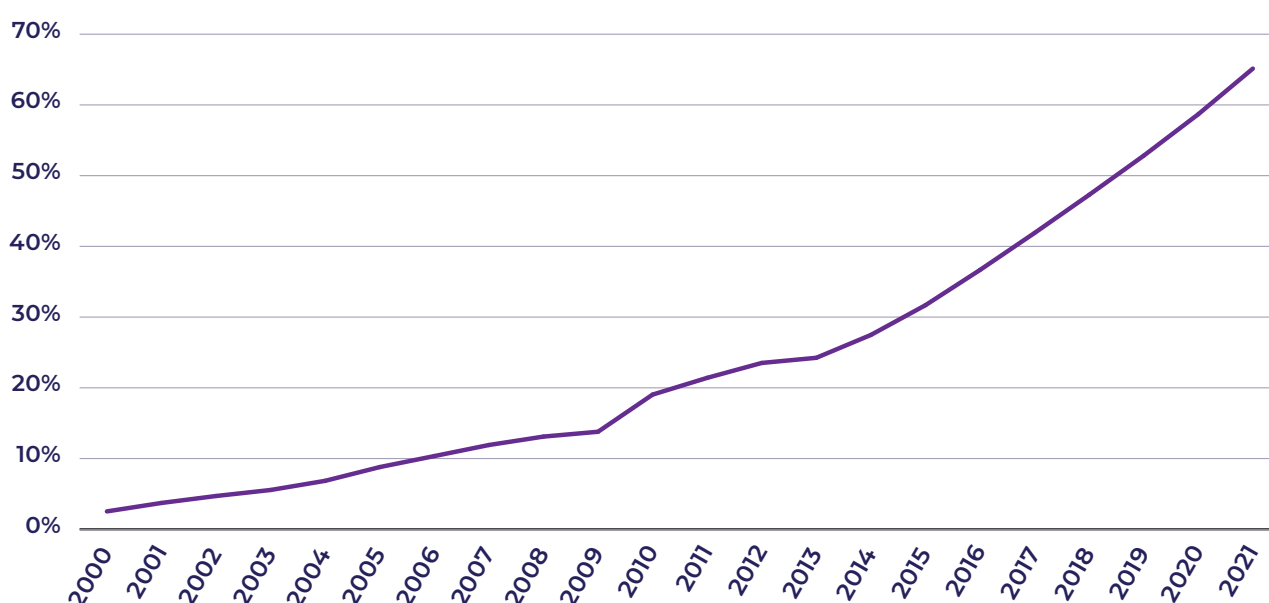
- The revolutionary nature of the digital economy will bring with it sizeable economic opportunities for Southeast Asia and Australia.
- Southeast Asia's digital economy is expected to be worth up to US\$1 trillion in 2030;²⁰⁴ in Australia, the benefits of digitalisation should reach up to A\$56.7 billion per annum by 2030.²⁰⁵
- Digital standards, e-commerce and cybersecurity will be key to deepening digital interconnectivity and trade, ensuring inclusive growth benefiting Southeast Asian and Australian businesses out to 2040.

Sector overview

Southeast Asia's digital economy is growing rapidly and will have a transformative impact on commerce. The region saw 100 million new internet users over the past three years, hitting 460 million users in 2022.²⁰⁶ As Figure 10.1 illustrates, internet penetration in Southeast Asia has grown significantly over the past two decades. This continuing trend, combined with affordable digital devices and a mobile-first culture, is driving the rapid uptake of emerging technologies.²⁰⁷

Southeast Asia's population is young and digitally savvy – around 380 million people in Southeast Asia were aged under 35 in 2022,²⁰⁸ and daily social media usage is among the highest in the world. The Philippines' average daily social media usage of 3.38 hours ranks only second to Nigeria in global rankings. Indonesia, Malaysia and Thailand also rank highly, at 3.14, 2.52 and 2.35 hours per day, respectively, above the global average of 2.26.²⁰⁹

Figure 10.1
Internet users in Southeast Asia, as a proportion of the total population, 2000–2021



Source: DFAT analysis of International Telecommunication Union, [World Telecommunication/ICT Indicators Database 2022](#).

There were over 23,000 digital or tech startups across the region in 2021, a 77 per cent rise since 2018.²¹⁰ Singapore and Indonesia have the two largest concentrations of startups in the region.²¹¹ A number of these startups have expanded regionally and globally and are already seeing success. There are now at least 13 Indonesian unicorns – companies having a valuation of at least US\$1 billion.

Southeast Asia is home to a growing pool of tech talent, a point reinforced during regional consultations. For example, each year around 80,000 ICT students are graduating from Vietnamese universities and the Indonesian Government's National Development Planning Agency (Bappenas) expects the digital economy will create 20–45 million new jobs.²¹² This talent is supporting the thriving Southeast Asian tech startup ecosystem.

The region's digital economy, including e-commerce, had a gross merchandise value estimated to be at least US\$200 billion in 2022, employing 160,000 skilled workers and indirectly supporting 30 million jobs.²¹³ In 2022, regional digital platforms enabled over 20 million merchants and 6 million restaurants to sell products online.²¹⁴ The digital economy of Southeast Asia is forecast to grow twice as fast as overall GDP to reach \$330 billion by 2025 and up to US\$1 trillion by 2030.²¹⁵

These fundamentals are driving significant investor interest. Funding for startups in the region reached US\$26.7 billion in private deals and US\$13 billion in initial public offerings in 2021.²¹⁶ Though global economic headwinds saw a more subdued deal flow in 2022, investors remain confident in the long-term outlook.²¹⁷

Given these developments, Southeast Asia's digital economy represents a sizeable value proposition to Australian business. There are clear opportunities for two-way investment. Rapidly changing digital trends and market conditions, including in areas such as payment technologies, trusted platforms and evolving behavioural preferences, mean there are significant opportunities for Australian technology firms in the region that are willing to invest in deepening their understanding of the local environment.

As the digital economy is an emerging industry, this can mean there are fewer blockages to market entry than other more established industries. Australian businesses can access these new markets and utilise IT talent in the region to support domestic and international operations.

Data localisation also represents an area of opportunity for Australian investors as demand for data centre infrastructure grows. The United Nations Conference on Trade and Development forecasts a rapidly growing global data centre market in ASEAN, overtaking growth in North America.²¹⁸ Australian businesses are already investing in digital infrastructure, such as data centres and cloud services, including NEXTDC (see case study on page 115).

The largest component of digital trade between Australia and Southeast Asia is e-commerce, while demand for Australian digital services, such as software development, digital marketing and cybersecurity, is growing. Other aspects of digital trade include fintech solutions, education and training services, cloud computing services, and software and applications (for example, enterprise software, mobile applications, gaming software and e-commerce platforms).

Southeast Asia's emerging digital economy is providing opportunities for First Nations businesses such as Kalinda IT to engage in the region (see case study on page 116).



Case study: **NEXTDC providing critical infrastructure in the region**

NEXTDC is an ASX 100 technology company, with a nationwide network of the most sophisticated Tier 4 data centre facilities across Australia.

Over the next 5 to 10 years, NEXTDC will invest approximately RM3 billion in Malaysia (A\$1 billion), creating significant employment opportunities in the process.

The investment will see the construction of KL1, a 65-megawatt colocation data centre to service cloud platform providers, enterprise and government customers throughout Malaysia. This will be the first Tier 4 accredited data centre above 5 megawatts in Peninsular Malaysia – making it the most technologically advanced, fault tolerant, secure and sustainable by industry standards.

NEXTDC's investment will accelerate the development of critical infrastructure required to advance Malaysia's digital economy ambitions. The new KL1 data centre will attract global tech service providers who are increasingly seeking Tier 4 capability.

Image: (L to R) Mr Douglas Flynn, Non-Executive Chairman, NEXTDC; Encik Mahadhir Aziz, CEO, Malaysia Digital Economy Corporation; Mr Sam Lim MP, Australian House of Representatives; Yang Berhormat Tuan Ahmad Fahmi Bin Mohamed Fadzil, Malaysian Minister of Communications and Digital; Mr Craig Scroggie, CEO, NEXTDC; Yang Amat Berhormat Dato' Seri Haji Amirudin Bin Shari, Chief Minister of Selangor; and Yang Berbahagia Datuk Wira Arham Abdul Rahman, CEO, Malaysian Investment Development Authority. Source: NEXTDC

NEXTDC CEO and Managing Director, Craig Scroggie, said, 'As an Australian company seeking to invest in Malaysia and extend our capabilities to meet the needs of the Southeast Asian market, the Australian High Commission in Malaysia was very helpful. They assisted NEXTDC in achieving Malaysia Digital Status, which provides certain investment incentives, and assistance to navigate land equity requirements, facilitating the large investment required. At the state level in Selangor, they helped us obtain Foreign Consent to purchase 100 per cent of the target property, and we have just completed the acquisition.'

NEXTDC is committed to digital skilling and educational initiatives, which will develop Malaysia's ICT and digital workforce, sharpening its competitive advantage. Mr Scroggie said, 'I would encourage other Australian businesses seeking to invest in the region to seek out assistance on the ground from Australian embassies, consulates-general and high commissions.'



Case study:

Kalinda IT making inroads in Indonesia

Kalinda IT is a 100 per cent Indigenous-owned Australian IT services business. The company won the Supply Nation Indigenous Exporter of the Year award in 2022.

Kalinda IT works across the Indo-Pacific in delivering smart-tech digital services and infrastructure in collaboration with partners in the region. It has developed its own software focused on intelligent transport systems.

Michael Dickerson, CEO of Kalinda IT, said, 'Kalinda's approach to engaging with the region is based on mutual respect and a cultural understanding of the importance of getting to know one another before diving headfirst into business.'

Building on 20-plus years of experience and relationships in the Indo-Pacific region, Mr Dickerson has recognised the importance of taking a focused approach to the region.

Image: Kalinda IT CEO Michael Dickerson. Source: Supply Nation

'Southeast Asian markets are all different, so developing trusted relationships with local partners is key. It is important to engage with locals on the ground to assist with legal matters and understand local government reporting requirements,' Mr Dickerson said.

This approach has delivered success in Kalinda IT's relationship with Teknologi Karya Digital Nusa (TKDN). Kalinda IT will be exporting its technology to be used as part of the Electronic Road Pricing project in Jakarta, aimed at reducing traffic congestion. While it started as a buyer-supplier relationship, Kalinda IT and TKDN signed a partnership agreement in June 2023. This will also likely see TKDN seeking to export electric buses and electric mopeds into the Australian market.

Kalinda IT's experience represents an important example of Australian tech businesses successfully engaging in Southeast Asia, and provides lessons to others seeking to follow suit.

There is great potential for digital trade to deliver development outcomes and economic empowerment, particularly for micro-, small and medium-sized enterprises and women-led businesses. Trade digitalisation and e-commerce were described as ‘groundbreaking’ for female entrepreneurs and women-led businesses during strategy consultations. It facilitates greater participation in e-commerce and banking, provides cost-effective business opportunities, and enables women to operate businesses from the home setting.

Australia’s development cooperation program is actively supporting the success of female entrepreneurs in the region. For example, through the A\$87 million Cambodia–Australia Partnership for Resilient Economic Development (CAP-RED) program in Cambodia – where over 60 per cent of SMEs are women-led – the Australian Government provides training, mentoring, and exposure to e-commerce and its business opportunities. This work fosters women’s entrepreneurship and grows a more diverse and inclusive economy. Continued effort will be needed to ensure equitable and safe access to digital tools and services are given to women, LGBTQIA+ people and other marginalised people.

“Bukalapak would encourage other Southeast Asian tech companies to look at Australia ...”
(Bukalapak)

Australia also provides attractive opportunities for Southeast Asian investors. The potential economic benefits for Australia through digitalisation have been estimated to reach A\$56.7 billion per annum by 2030.²¹⁹ This will see continued demand for Australia’s technology workforce. The technology sector is the seventh-biggest employing sector in Australia.²²⁰ By 2030, the proportion of the Australian workforce in technology roles could rise from 6.7 per cent in 2022 to 8.5 per cent, outpacing broader employment growth.

Australia is a welcoming market for innovative Southeast Asian technology companies, with a skilled workforce, regulatory certainty and stability, and relevant domestic infrastructure.²²¹ This has been demonstrated by Indonesian startup Bukalapak’s successful launch of a technology hub in Melbourne (see case study on the next page).

Promoting a safe and secure cyber environment for global business and trading is critical to the digital economy. Data breaches, identity theft, malware, ransomware and other types of cybercrime are now endemic threats in the digital economy. At-risk members of society are disproportionately impacted by online harms, including technology-facilitated abuse. By 2025, cybercrime could cost the world up to US\$10.5 trillion annually.²²² In 2020–21, investment in cybersecurity companies reached more than US\$32.5 billion; Australian expertise in cybersecurity services and systems will see growing demand, including from Southeast Asia.²²³

Uplifting Southeast Asia’s cyber resilience will in turn help secure the Australian economy against malicious cyber attacks and cybercrime. Australia and Southeast Asia are working together on online safety, cybersecurity and critical technology through several partnerships and multilateral processes to ensure the design, development and use of critical technologies is consistent with international law and standards and fosters a peaceful and stable international environment.²²⁴ Privacy frameworks that protect personal information help foster the trust to drive continued technology adoption.

The 2023–2030 Australian Cyber Security Strategy is being developed alongside this Southeast Asia Economic Strategy, building on Australia’s vision for a safe, secure and prosperous region enabled by cyberspace and critical technology, and built upon through Australia’s Cyber and Critical Tech Cooperation Program (see case study on page 119).

Government-to-government engagement on digital trade enhances the interoperability of technology, and creates opportunities for businesses to take part in the unprecedented digital transformation in the region. There are digital trade provisions under the ASEAN – Australia–New Zealand Free Trade Area (AANZFTA), the Regional Comprehensive Economic Partnership Agreement (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and in Australia’s bilateral trade agreements with Indonesia, Malaysia, Thailand and Singapore. The ASEAN–Australia Digital Trade Standards Initiative also provides a framework for these countries to cooperate. The Australia–Singapore Digital Economy Agreement set a new benchmark for digital trade rules and is supported by practical cooperation, including on interoperability of e-invoicing systems, electronic certification of agricultural goods, trade and personal data protection.



Image: Bukalapak staff in Indonesia engaging in a brainstorming session. Source: Bukalapak

Case study: **Bukalapak driving innovation and knowledge sharing**

Founded in 2010 to empower micro-, small and medium-sized enterprises, Bukalapak swiftly emerged as a leading Indonesian e-commerce company. Its initial public offering in 2021 raised over A\$2 billion, and was the largest ever in Indonesia.

Bukalapak is now an all-commerce technology company with a vast customer base of over 100 million. With a remarkable 75 per cent of Bukalapak's transactions occurring outside Indonesia's major cities, the company plays a pivotal role in accelerating economic growth in less developed regions. This underpins Bukalapak's corporate mission to create a fair economy for all.

Following Bukalapak's rapid growth and increasingly complex technology needs, it required international IT engineering expertise to augment its successful Indonesian teams. After a global search, Bukalapak partnered with the Victorian Government to establish its first international technology hub in Melbourne in

2022. Since the successful launch of the tech hub, Bukalapak has expanded its footprint in Australia with an office in Sydney.

Recognising the value of Australia's world-class universities, Bukalapak signed a memorandum of understanding with the University of Melbourne. Teddy Oetomo, President of Bukalapak, said, 'As alumni of Australian universities, we knew that Melbourne's tech ecosystem is an ideal base for Bukalapak to establish this tech hub, which enables Indonesia's tech talent to work together with tech professionals from Australia and around the world. The assistance from Austrade and Invest Victoria to launch this tech hub was invaluable. This partnership opens doors for students, providing them with opportunities for entrepreneurship and research, further driving innovation and cross-border knowledge exchange. Bukalapak would encourage other Southeast Asian tech companies to look at Australia as a great opportunity for collaboration, investment or expansion.'



Case study:

Australia and Southeast Asia strengthening cyber and critical tech resilience

Australia's Cyber and Critical Tech Cooperation Program works with key countries in Southeast Asia to strengthen cyber and critical tech resilience.

The program strengthens capacity to maximise opportunities and mitigate risks related to the use of cyberspace and critical technologies.

Activities under the program include:

- the University of Melbourne's work with Malaysia to improve cyber resilience of critical infrastructure to sophisticated cyber attacks, by training up to 100 cybersecurity managers on how to evaluate their incident response practices
- Standards Australia's work with Cambodia, Indonesia, Malaysia, the Philippines, Thailand and Vietnam to support the integration of international standards for critical and emerging technologies in Southeast Asia – this includes enhancing the effective participation of Southeast Asian experts in the development of critical and emerging technologies standards in international forums, and the improved adoption and use of these standards within Southeast Asian economies
- mapping digital technology policy, legislation and governance processes, with a specific focus on telecommunications and critical infrastructure in the Mekong subregion.

The Australian Government is also actively working to improve its cross-border trade environment for Australian businesses and trading partners through the Simplified Trade System reforms, and is exploring opportunities for further collaboration with ASEAN partners. The Australian Border Force is currently further developing a digital verification platform to pilot digitally issued Australian certificates of origin with participant countries. This is building on a successful proof-of-concept trial of a digital verification platform using verifiable credentials and blockchain to issue and authenticate electronic certificates of origin, which the Australian Border Force completed under the Australia–Singapore Digital Economy Agreement. The platform was delivered in partnership with Singapore Customs, the Infocomm Media Development Authority, the Australian Industry Group (Ai Group), the Australian Chamber of Commerce and Industry, Rio Tinto, ANZ Bank, Standard Chartered Bank and DBS Bank.

New rules are being negotiated under the Indo-Pacific Economic Framework (IPEF) to support enhanced digital trade facilitation, cross-border data flows, trust in the online environment, and cooperation on new

and emerging issues in the digital economy. Australia is also working closely with Southeast Asian partners in the WTO E-commerce Joint Statement Initiative to agree digital trade rules that will enable businesses, consumers and workers to unlock the benefits of the digital economy.

The Australian Government's Digital Trade Strategy provides a framework for Australia to shape the enabling environment for digital trade.²²⁵ The Digital Trade Strategy guides Australia's action as a leader in digital trade, informing our work to deliver commercial benefits and push back against digital protectionism. The negotiation of digital trade rules is a key objective, which can lower barriers to trade, improve trade efficiencies and facilitate access to markets. ASEAN has taken notable steps towards a more integrated region through the planned establishment of a single, competitive and fully integrated market under the ASEAN Economic Community, the Master Plan on ASEAN Connectivity 2025, and the ASEAN E-Commerce Agreement.²²⁶ This includes implementing the ASEAN Single Window in 2019, which enabled electronic exchange of trade-related documents among the 10 ASEAN member economies.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on the digital economy.



Remove blockages

Maximising the growth potential of Australian and Southeast Asian digital economies – and enabling new opportunities to expand the flow between them – means overcoming a range of challenges. Differences in regulatory frameworks, standards and issues of interoperability hinder two-way trade and investment across the digital economy. Addressing issues in Southeast Asia relating to data privacy, data protection and cybersecurity will also be important. Most countries in Southeast Asia are working to address these challenges at a national level and through regional cooperation.

There is real value for Australia in continuing to push for ambitious digital trade rules to facilitate cross-border data flows, promote trust in the online environment, boost interoperability of technologies and facilitate cooperation on emerging digital economy issues. This could be done in the first place through existing negotiations such as the WTO E-commerce Joint Statement Initiative and IPEF. Upgrades to existing bilateral free trade agreements (for example, with Indonesia, Malaysia and Thailand) or other agreements with Southeast Asian partners could also be a target for further work in this area, supported by a drive for high-ambition outcomes. There is also an opportunity to explore options to collaborate with Southeast Asian partners on digital tools to facilitate cross-border trade in goods, including approaches to paperless trade, systems interoperability and aligning standards.

Recommendation

65. Australian Government to work with Southeast Asian partners to expand coverage of ambitious digital trade rules and standards, and promote interoperability through digital trade rules negotiations, advocacy and capacity building.



Build capability

While cooperation between Australia and Southeast Asia on cybersecurity is strong, given the growing threat, there is value in expanding the existing Cyber and Critical Tech Cooperation Program to further build cyber resilience.

Recommendation

66. Australian Government to expand the Cyber and Critical Tech Cooperation Program in Southeast Asia to continue building the cyber resilience of the region.



Deepen investment

Consultations in the region suggest that Australian tech companies need more support from the Australian Government to assist them to enter Southeast Asian markets. Austrade's Landing Pad in Singapore provides tech companies with advice, connections and introductions to enter the Singapore market. This could be built upon further, including extending this model to other Southeast Asian markets with strong startup ecosystems, such as Indonesia and Vietnam, with client flow to be driven through targeted Austrade awareness-raising programs throughout Australia.

Austrade's Singapore Landing Pad has serviced more than 120 clients since 2017–18, delivering 61 commercial outcomes to the value of A\$17.5 million, with an average annual outcome value of A\$4.2 million over five years.

By 2030, the digital economy of Indonesia is projected to be worth US\$220–360 billion, while Vietnam's digital economy is projected to be worth US\$120–200 billion. Despite the technology sectors booming in both countries, Australian technology exports to these countries are currently very limited.

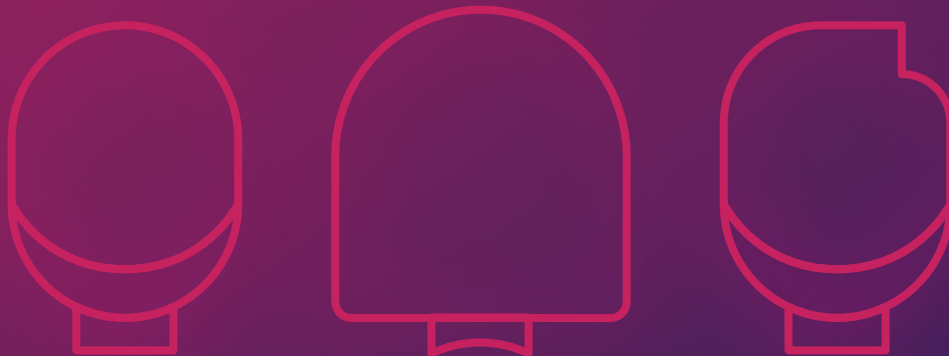
Landing Pads in both countries could be bolstered by collaboration with partners embedded in their local tech ecosystems, and partnerships with local government agencies, industry associations and accelerators to deliver in-market program services.

Recommendation

67. Australian Government to consider establishing Austrade Landing Pads in Indonesia and Vietnam to support Australian tech companies, similar to Austrade's Landing Pad in Singapore.

11

Professional and financial services



Key points

- Professional and financial services represent significant exports for Australia, and Australia is well placed to become a financial centre for Southeast Asia.
- Southeast Asian professional and financial services are growing quickly, representing great opportunities for investment in fintech and financial inclusion initiatives.
- Governments can support greater two-way movement of professional services and professionals through facilitation of mutual recognition agreements.

Sector overview

Professional services

The professional services sector (including legal, accounting, architecture, engineering and consulting services) is growing strongly in Southeast Asia. This reflects fast economic growth rates, rising trade and investment, the development of a range of industries, and major corporations coming to the region for supply chain reasons, all of which necessitates demand for professional services. Major international professional services firms are increasing their engagement in the region as a result.

Professional services are also an expanding sector between Southeast Asia and Australia, underpinning the smooth trade of goods and services. In 2022, Australia's professional services exports to ASEAN were worth A\$2.1 billion and imports were worth A\$2.5 billion,²²⁷ and exports to the region grew by 24 per cent over five years to 2022.²²⁸ As an economic hub to the region, Singapore drives the majority of Australia's trade with Southeast Asia in professional services, making up 89 per cent of Australian professional services exports to Southeast Asia and 71 per cent of imports from Southeast Asia in 2022.²²⁹ The Philippines and Malaysia rank as Australia's next two largest sources of professional services in the region.²³⁰

Australian companies like Acclime Group are working across Southeast Asian markets to provide practical support to help businesses navigate local laws and regulations (see case study on the next page).

“Acclime particularly values the two-way referrals from in-country DFAT and Austrade teams ...”
(Acclime)

As professional services are often delivered by professionals in country, mutual recognition agreements (MRAs) help facilitate this trade through streamlining the recognition of professional qualifications, licensing and registration processes.²³¹ Australia's MRAs with Southeast Asian counterparts across key professional services are patchy, with engineers and accountants better covered than architects and surveyors (see case study on page 125).²³² While governments do not negotiate the MRAs, they have a role to play in facilitating them, including through trade agreement settings.



Image: Acclime Vietnam staff. Source: Acclime Vietnam

Case study:

Acclime Group facilitating investment into the region

Acclime Group is an Asia-focused premier corporate services specialist that provides practical advice and support to companies seeking to invest in Southeast Asia – from an understanding of local laws and tax regulations, and information on contracts and work permits, to an appreciation of cultural factors.

Acclime was created by Hong Kong-based Australian, Martin Crawford, to bring together the best service providers for inward investors across Asia. One of the first members of the Acclime Group – Domicile Corporate Services – was founded by an Australian, Matthew Lourey, in Vietnam. Acclime Group now has more than 500 staff across seven offices in Southeast Asia – Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam – and generates revenue of around A\$30 million per annum. Acclime has plans to expand to Laos.

Acclime has successfully tapped into the growing demand for professional corporate services as more foreign companies see the potential and explore opportunities to expand

into the region. They are also supporting a growing number of Southeast Asian companies entering the Australian market. They have built a strong client base of innovative tech companies, including renewable energy, fintech, e-commerce and life sciences.

Managing Partner of Acclime Vietnam, Matthew Lourey, said, 'In-depth knowledge and experience of each specific market is an important part of Acclime's success and has allowed Acclime to address and avoid challenges for our clients. Acclime particularly values the two-way referrals from in-country DFAT and Austrade teams and has participated in a number of DFAT-funded programs in the region.'

Over Acclime's 20-plus years operating in Southeast Asia, the company has learned that the region cannot be treated as one market. In addition to different language and business cultures, each country has its own very different and localised legal and regulatory requirements. Applying this to its own operations as well as its advice to clients, Acclime has built teams in each country with the experience and capabilities to respond to these market-specific requirements.



Case study:

Engineers building mutual recognition

Through the inclusion of professional services annexes in its modern free trade agreements, Australia has sought to provide further opportunities for its professional bodies to engage in dialogue with their counterparts on streamlining the recognition of qualifications, licensing and registration processes while maintaining domestic standards, including through mutual recognition agreements in professions of mutual interest. This dialogue also provides opportunities to share best practice.

Under the professional services annex of the Indonesia–Australia Comprehensive Economic Partnership Agreement, Engineers Australia and Persatuan Insinyur Indonesia (Institute of Engineers Indonesia) were able to recently conclude a mutual recognition agreement (MRA) in July 2023.

Image: Signing of MRA between Engineers Australia and Persatuan Insinyur Indonesia, Indonesian Embassy, Canberra. L–R: Moekti P Soejachmoen, Lead Adviser, Katalis; Arjuna Nadaraja, Director, Professional Services and Mutual Recognition Unit, DFAT; Dr Ir. Danis Sumadilaga, President, Persatuan Insinyur Indonesia; His Excellency Dr Siswo Pramono, Indonesian Ambassador to Australia; Bernadette Foley, General Manager, Professional Standards, Engineers Australia; Anker Brodersen AIRCDRE, Engineers Australia and Chair of the APEC Engineers Agreement; and Andi Taufan Marimba, Persatuan Insinyur Indonesia. Source: Indonesian Embassy, Canberra

In addition to streamlining the two-way movement of engineers, Engineers Australia CEO, Romilly Madew AO, said, ‘This landmark agreement will see Australia and Indonesia share the benefits of the immense knowledge and skill of our respective engineering professions. It has significant advantages for engineers in both nations, with a faster pathway to being recognised with Chartered status and registration to practice.’

Financial services

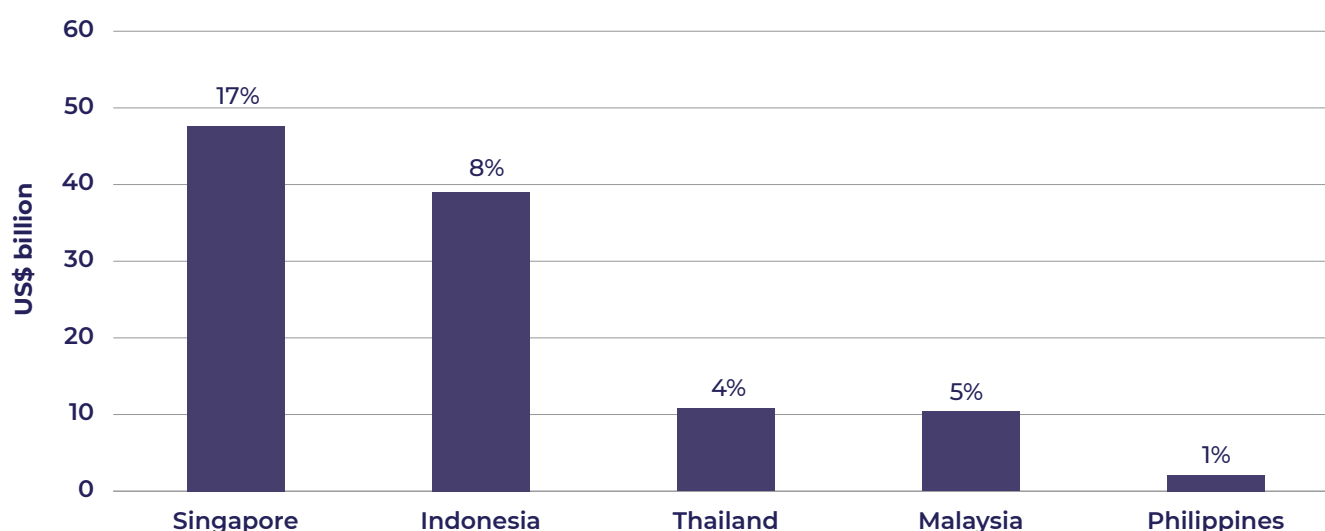
Singapore stands out in Southeast Asia as a financial services hub and is ranked by the Global Financial Centres Index (GFCI) as the third-largest financial centre globally.²³³ The Singapore Economic Development Board offers foreign investors access to its Connections Concierge, which links potential investors with relevant and pre-screened professional and financial service providers.²³⁴ Singapore is seeking to boost its own financial services sector, including through a S\$100 million grant to develop local talent, enhance its asset class strengths, digitise financial infrastructure, and help catalyse Asia's transition to net zero economies.²³⁵

Financial services are less developed in other Southeast Asian countries in comparison, with Kuala Lumpur at 58th, Bangkok at 71st, Jakarta at 83rd and Manila at 108th in the GFCI rankings.²³⁶ Figure 11.1 shows the value of financial and insurance services exports from Singapore, Indonesia, Thailand, Malaysia and the Philippines in 2021.

Australia has a sophisticated and resilient financial services sector, with deep and liquid markets, and is ideally positioned as a financial centre for Southeast Asia. Through its mandated retirement savings scheme (superannuation), Australia has developed a world-class investment management sector. It also has financial sector regulation that is recognised as world best practice. According to the GFCI, Sydney and Melbourne are ranked as the 15th- and 28th-largest financial centres in the world.²³⁷ New government reforms are aimed at further modernising Australia's financial system so that it is better positioned to help attract investment, including new systems and regulatory frameworks that prepare the economy for the advent of new digital products and services.²³⁸

Australia's financial, insurance and pension services exports to ASEAN were worth A\$406 million in 2022 and imports were worth A\$423 million.²³⁹ These statistics undervalue financial services trade because services are also embedded in goods, and many services are provided by Australian investors in the region (known as 'foreign affiliates abroad'), and vice versa.²⁴⁰

Figure 11.1
Southeast Asian countries' financial and insurance services exports, by value and as a percentage of total services exports, 2021



Note: Other Southeast Asian nations excluded due to lack of data or negligible trade in financial services.

Source: World Bank indicators; International Monetary Fund, *Balance of Payments Statistics Yearbook 2021*.

There are great prospects in Southeast Asia in fintech. Southeast Asian banks and insurance companies are rapidly digitalising services to meet demand from increasingly connected and affluent consumers (see projected revenue trends in Figure 11.2). In 2022, digital financial services overtook e-commerce in terms of securing funding and capital raising across Southeast Asia.²⁴¹

Financial services are becoming integrated into 'super apps', such as Grab and GoTo, that offer their own online payment services and financial products in addition to ride sharing and delivery services. ASEAN has already launched its payment connectivity initiative to promote financial integration. The central banks of Indonesia, Malaysia and Thailand have launched a pilot cross-border QR code that allows consumers and merchants to make and receive payments for goods and services instantly.

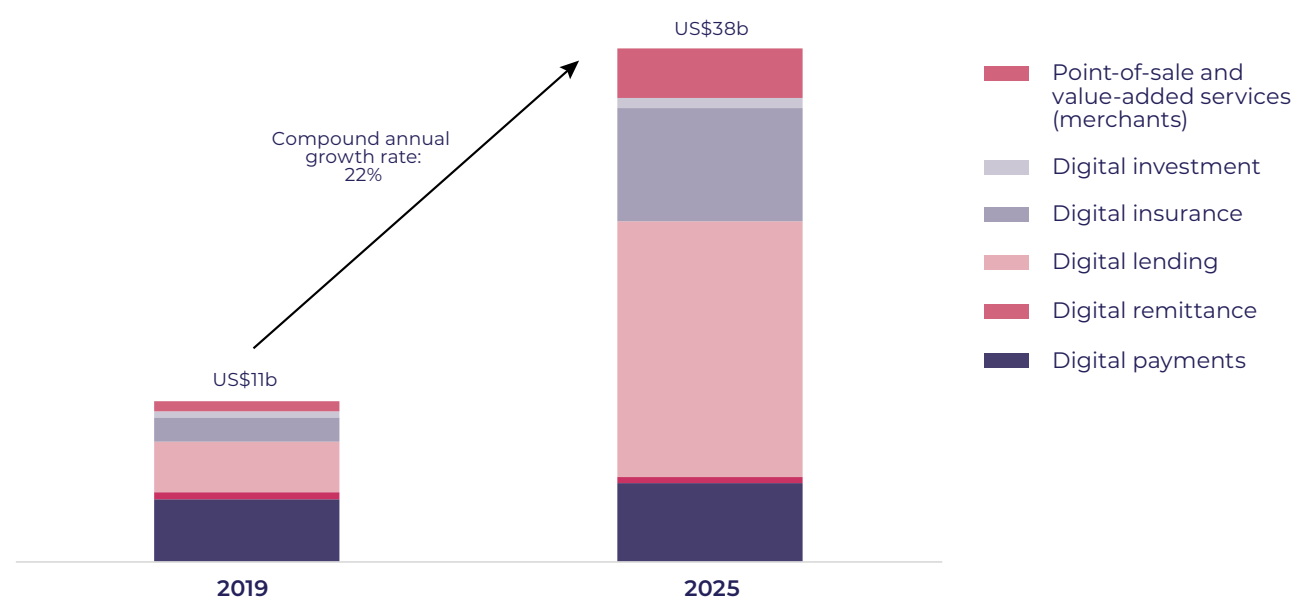
With the Malaysian, Singaporean and South African central banks, the Reserve Bank of Australia is exploring whether using a shared program for issuing multiple wholesale central bank digital currencies could improve the efficiency, speed and transparency of cross-border payments.²⁴²

As detailed in Chapter 10 – 'Digital economy', financial inclusion is of increasing concern for most Southeast Asian countries and is the target of a growing number of startups in the region. This reflects the fact that in many of the key Southeast Asian markets, more people have a smartphone than a bank account (for example, 80 per cent of Indonesians have a smartphone while only 50 per cent have a bank account).²⁴³

While still relatively nascent, there are clear opportunities for Australian financial services providers to engage in the region on financial inclusion, as the experience of Raiz Invest demonstrates (see case on page 128).

Southeast Asia represents a major opportunity to make gains in women's financial inclusion. The gender gap is particularly pronounced in Southeast Asia. Of the 1.2 billion women around the world who have no bank account or who do not actively use one, 12 per cent (or 117 million) live in Indonesia, Vietnam, Cambodia and the Philippines. As the case study on page 129 highlights, Australia is also utilising its development program to boost the financial inclusion of Southeast Asian women.

Figure 11.2
Projected revenue trend in digital financial services in Southeast Asia, 2019–2025



Note: Combined revenue across Indonesia, Malaysia, Singapore, Thailand, the Philippines and Vietnam.

Source: Macquarie Bank, 'Delivering digital financial inclusion in Southeast Asia', *Macquarie Bank Perspectives*, 31 May 2022.



Case study:
Raiz Invest Limited –
learning lessons from the region

Image: Malaysia-based Raiz employees testing out the Raiz app in the office. Source: Raiz Invest

Raiz Invest Limited (Raiz) is a micro-investment fintech app that seeks to make investing more accessible.

Since launching in Australia in 2016, Raiz has achieved solid growth, with more than 2.5 million downloads, 2.4 million sign-ups, 685,000 active monthly customers, and funds of over A\$1.1 billion under management.

Raiz identified a large opportunity initially in Indonesia and Malaysia, where large and growing middle classes and strong growth projections were juxtaposed against varying levels of financial literacy and inclusion, and relatively low levels of consumer investment. With financial education core to its business model, Raiz sought to expand its unique fintech model to both markets.

Raiz's journey to the region began with an owner-operated venture in Indonesia. Raiz was the first Australian fintech to successfully secure a licence in Indonesia. CEO and Managing Director, Brendan Malone, acknowledges the company underestimated the value that could have been

added through a joint venture with a local partner in the early stages of establishing a business in Indonesia. He said, 'Deep Southeast Asia literacy, including through local partners and strategic selection of board members, is highly important to early establishment decisions.'

Learning from this experience, Raiz has adapted its market entry approach in other Southeast Asian markets, using a new operating model that includes a lower equity position and local partners. Raiz is now in a joint venture with Malaysian company Jewel (a subsidiary of PNB Equity Resource Corporation). They achieved a steady growth in users of 9.2 per cent in Malaysia in the past year and, as of April 2023, had more than 115,000 active users, and just shy of A\$14 million in funds under management.

Raiz has emphasised the importance of investing time and resources on the ground to best facilitate market entry, including to understand and navigate regulatory and licensing processes effectively. Building on the lessons learned, Raiz is now exploring joint ventures in Thailand and Vietnam.



Case study:

Advancing women's economic empowerment in Southeast Asia with Women's World Banking

Image: Female entrepreneur who participated in DFAT-funded research to improve equitable access to credit with the Cambodia Credit Bureau. Source: Women's World Banking

Women's World Banking is a commercially orientated non-government organisation that serves women on low incomes through a network of financial service providers.

Their mission is to empower women on low incomes through financial inclusion. In 2016, Women's World Banking and DFAT teamed up to build a more secure and prosperous future for women on low incomes in Southeast Asia.

Activities include work on payroll account activation in Cambodia, government-to-person savings account activation in Indonesia, digital financial services for young adult women in Cambodia, and training Indonesian midwives to become banking agents. They have partnered with financial service providers to develop financial products, such as savings solutions, e-wallet payroll and remittances products, to act as crucial safety nets during times of crisis, and to help women on low incomes in Southeast Asia build resilience for themselves and their families.

Women's World Banking has worked closely with the governments of Indonesia and Cambodia to strengthen regulatory capacity and ensure women on low incomes are included in the country's financial and digital financial inclusion strategies and initiatives. As a result, it was able to contribute directly to priority-setting during Indonesia's G20 presidency in 2022.

Mary Ellen Iskenderian, CEO of Women's World Banking, said, 'DFAT funding has been critical for Women's World Banking's presence in Southeast Asia and allowed us to develop innovative solutions for more than 2 million women on low incomes in the region. Our pioneering, gender-focused financial inclusion work, bolstered by the partnership with the Australian Government, has enabled us to forge relationships with both public and private sector partners across the region.'

The current DFAT – Women's World Banking partnership (2020–2024) aims to cement enduring gains in women's financial inclusion for a post-pandemic world.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on professional and financial services.



Remove blockages

Policies and mutual recognition agreements (MRAs) to facilitate movement of professionals only work where countries have similar standards. While there are opportunities to support skills development in the region to meet Australian standards, the lack of nationwide equivalence of standards makes it difficult to conclude full MRAs. Some Australian professional bodies deal with this by offering pathways to accreditation, including through micro-credentialing, rather than full recognition. Professional services annexes in a number of Australia's modern free trade agreements with the region also provide platforms that encourage dialogue aimed at streamlining the two-way movement of professionals.

In 2022, Australia's Skills Priority List almost doubled in size to 286 assessed occupations in national shortage.²⁴⁴ The 2023 Review of the Migration System recommends that longer-term migration planning (for example, 10 years) would bring more stability and predictability on skills needs.²⁴⁵ Meeting these skills needs could be partly assisted by facilitation of MRAs for priority sectors with Southeast Asian partners.

There are opportunities for professional bodies, supported by governments (including through grants), to scope which sectors and countries are best suited for such MRAs, and to negotiate and implement more MRAs for professional service suppliers. The challenge is to ensure that MRAs streamline rather than duplicate licensing and qualification requirements.

Recommendation

68. Australian governments to support mutual recognition of professional qualifications, licensing and registration in priority professional services sectors, including through advocacy and grants to professional bodies.

Even once MRAs are in place, the process of credentialing can be slow. Utilising digital, trusted platforms to facilitate the digital credentialing and certification of qualifications of professionals will further reduce barriers to mobility.

Recommendation

69. Australian governments and Southeast Asian counterparts to work with professional bodies to ensure digitalisation of credentialing and certification of qualifications.

Australia and Southeast Asia's bilateral and multilateral free trade agreements offer protections, legal guarantees and opportunities for service suppliers to tap into respective services markets. This includes assured levels of foreign equity in each sector, rules for settling disputes, compensation for losses due to conflict and civil strife, and freedom to transfer investment-related capital.

Australian service suppliers, including companies in the financial services sector, face caps on how much equity they can have in investments in the region, sometimes requiring them to enter joint ventures with local companies. Some countries also place restrictions on the composition and residency of members of management boards and on roles that can be filled by expatriates.

Recommendation

70. Use review mechanisms in Australia's existing free trade agreements with Southeast Asian countries to remove barriers affecting professional and financial services, such as foreign equity caps and restrictions on the composition of boards and residency of board members.



Build capability

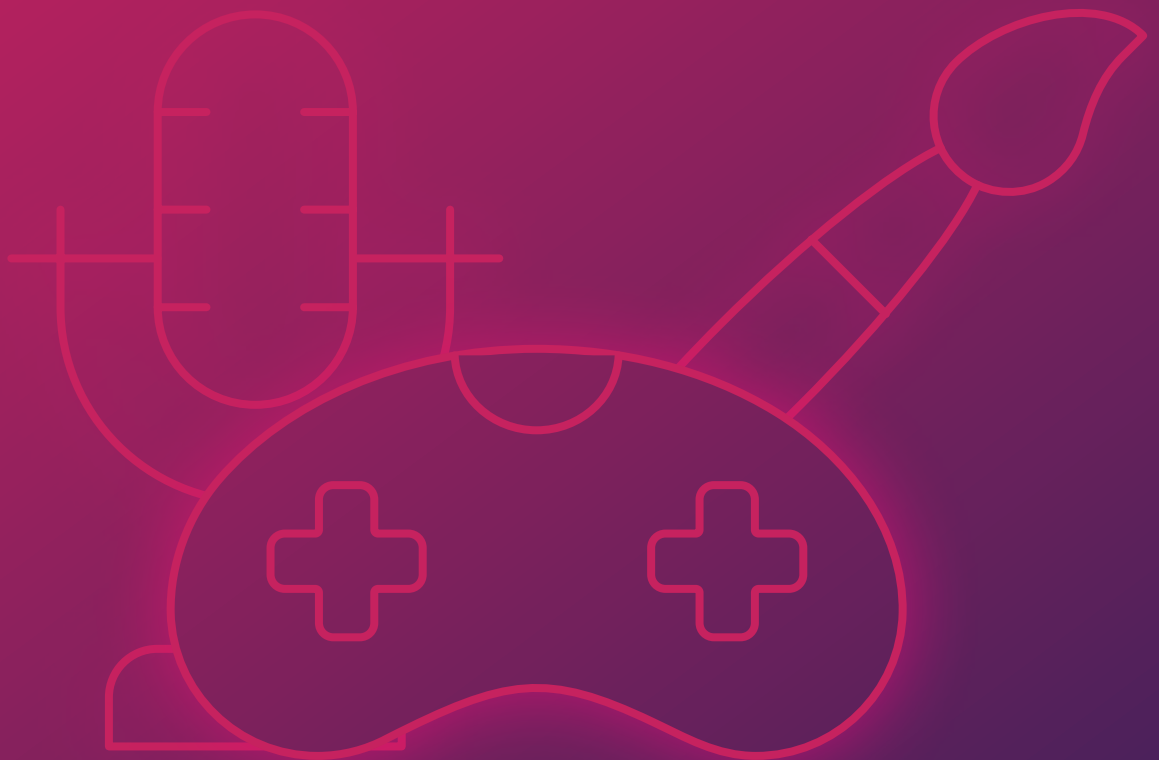
As highlighted above, there are growing opportunities for Australia to engage with Southeast Asia on emerging cross-border digital currencies, including cross-border QR codes that allow consumers and merchants to make and receive payments for goods and services instantly. Australia should look at opportunities to capitalise on emerging innovations in Southeast Asia in this area, which would help facilitate two-way movements of payments on goods and services, including in the tourism industry.

Recommendation

71. Explore opportunities for the Australian Government to work with Southeast Asian partners in harmonising emerging digital cross-border payment systems.

12

**Creative
industries**



Key points

- Creative industries play an important role in two-way cultural exchange and building people-to-people links.
- Australia and Southeast Asia have a great diversity of creative activity as well as growing consumer bases.
- There is great potential for more engagement between the creative sectors of Australia and Southeast Asia, but it lags behind traditional markets.
- There is a role for governments and business to support creative exchanges and raise awareness of opportunities.

Sector overview

Southeast Asia offers Australia's live arts and entertainment companies economic opportunities and creative possibilities. As Southeast Asia's middle class grows, there will be more demand for cultural experiences. Goldman Sachs reports that millennials and generation Z are spending more on music than other age groups and that global music revenue will reach US\$155 billion by 2030.²⁴⁶ Thirty per cent of young Southeast Asians are using music streaming services daily.²⁴⁷ With young and growing populations, Southeast Asia is still in the early stage of this growth curve and presents a significant opportunity. This will likely mean greater demand for live performances in Southeast Asia from both Southeast Asian and Australian artists in the years to come. Most ASEAN countries have included creative industries as part of national development strategies.²⁴⁸ This is in recognition of the economic benefits and job creation that come from this sector.

There is enormous potential in Southeast Asia for Australia's creative industries. Australia has highly sophisticated music, theatre, dance, visual arts, fashion, film and video games sectors, and a reputation for world-renowned cultural institutions. As well as providing valuable economic opportunities, Australia's creative industries help to project a modern image of Australia in the region, and build understanding and rapport between Australians and the people of Southeast Asia. Australia has a strong live performance industry, which was estimated to contribute \$5.7 billion a year to the Australian economy pre-COVID.²⁴⁹ In 2023, the Australian Government released its five-year National Cultural Policy, *Revive*, which seeks to renew Australia's arts, entertainment and cultural sector post-pandemic.²⁵⁰ In Southeast Asia, the policy aims to strengthen arts collaboration, exchange and cultural diplomacy through Australia's diplomatic network.



Millennials and generation Z are spending more on music than other age groups

Global music revenue will reach

US\$155 billion
by 2030

30%

of young Southeast Asians use music streaming services on a daily basis.

Australian artists are reaching new audiences in Southeast Asia. There are a growing number of showcase events for live performers in the region, including the AXEAN Festival (formerly ASEAN Music Showcase Festival) and Vietnam Music Week, along with new festivals being launched in Jakarta and the Philippines, that offer opportunities for Australian artists and industry professionals.²⁵¹ But there is room to create further connections. For example, according to the Australasian Performing Right Association and Australasian Mechanical Copyright Owners Society (APRA AMCOS), 433 Australian artists played shows internationally in 2022.²⁵² Of those, only eight played in Thailand, five played in Indonesia and one in Singapore. This compared to 257 in Europe, 224 in the United Kingdom and 200 in the United States. Australia's visitor economy strategy – THRIVE 2030 – notes that cultural events drive high-yield visitation and can spread benefits to regional areas.²⁵³

According to Sounds Australia, the Australian music industry's level of engagement with, and understanding of, the Southeast Asian market is low, and geography and infrastructure can make Southeast Asia a less straightforward market for Australian artists.²⁵⁴ Nevertheless, industry groups acknowledge there is untapped potential for the right kinds of artists in Southeast Asia, given the loyal and passionate nature of Southeast Asian audiences.

Industry, government and stakeholders from across the creative industries will need to work together to realise the opportunity in Southeast Asia. There is also a role for corporate and philanthropic supporters of the arts, including in bringing more Southeast Asian creatives to Australia, and leveraging cultural ties with diaspora communities. Opportunities for building connections exist through established arts and culture marketplaces and conferences, such as WA Showcase and the Australian Performing Arts Market. These provide a forum for artists, producers, curators and presenters to exchange ideas, pitch productions and strengthen relationships.

Attendance at these events in Australia by more Southeast Asian participants, as well as by Australians at similar events in Southeast Asia, would provide opportunities for new and established productions to find markets across the region, expanding the reach of Australian and Southeast Asian content and deepening cultural awareness.

Ruel is an example of an Australian artist with success touring Southeast Asia, as outlined in the case study on page 135.

After COVID interruptions, Australian creatives and creative organisations are re-establishing engagements with Southeast Asian artists, ensembles and writers. For example, there are growing linkages between Australia's and Southeast Asia's visual arts community. In 2022, Australian visual artist Patricia Piccinini had her first retrospective in Southeast Asia at Singapore's ArtScience Museum.

The growing Southeast Asian middle class is also giving rise to demand for Australian theatre productions. Live Performance Australia's submission to the strategy noted that some collaborations in Southeast Asia had been driven by a demand for educational performances designed to boost the audience's English proficiency.²⁵⁵ For example, Polyglot Theatre successfully toured *Cerita Anak (Child's Story)*, co-created with Indonesia's Papermoon Puppet Theatre, in Singapore and Indonesia in 2019. Victorian Opera and Singapore's Wild Rice theatre company also collaborated on the opera *The Butterfly Lovers* in 2023.

Collaborations between national institutions and private collections have seen Australian art exhibited in the region, such as *Ever Present: First Peoples Art of Australia*, displayed at National Gallery Singapore in June 2022. This exhibition sought to showcase to regional audiences the rich history, culture and artistic practices of First Nations Australians and recognised Southeast Asia's historical ties with them.

There are also several cultural institutions bringing Southeast Asian art, artists and performers to Australia. The Queensland Art Gallery and Gallery of Modern Art has done so for 30 years through its Asia Pacific Triennial, which has featured visual artists from across Southeast Asia. The annual OzAsia Festival in Adelaide has also showcased theatre, dance, music, visual arts, literature, food and cultural events, including artists from Cambodia, Indonesia, Malaysia, Singapore, Thailand and the Philippines. Broader institutional links in the creative sector, such as the Association of Asia Pacific Performing Arts Centres, also bring together performance institutions and arts councils, including from Australia, Singapore, the Philippines, Malaysia and Indonesia.



Case study: **Ruel bringing Australian music to the region**

Image: Ruel, Singapore, 2023. Source: Joel Chamaa

Ruel Vincent van Dijk, known as Ruel, is an Australian singer and songwriter who has had considerable success in Southeast Asia. At present, Ruel has over 2 billion global streams, 1.2 million Instagram followers, and five platinum records to his name.

Ruel first toured Southeast Asia in 2019 and has returned twice in 2023, including sold-out concerts in Bangkok, Singapore and Manila. He has also performed in Jakarta and Kuala Lumpur.

His manager, Nate Flagrant, credits Ruel's success in Southeast Asia to his regular tours in the region and having worked with local agents to help navigate cultural differences across Southeast Asian markets. For instance, agents' encouragement to play free shows in shopping centres in the region has helped build Ruel's fan

base, with over 4,000 fans showing up to a free show in Manila in February 2023. In addition, Ruel's team worked with local promoters to get local talents to perform with Ruel at each show in Southeast Asia, helping to further multiply exposure and collaboration.

Mr Flagrant said Southeast Asia remains a relatively untouched market for Australian performing artists.

'The data is there to determine the potential in Southeast Asia. Given Southeast Asia's proximity to Australia, it makes sense to include Southeast Asian cities as part of broader Asian tours, including by using more profitable events in North Asia to cross-subsidise initial forays into Southeast Asia. Southeast Asia is just there, and it is so easy to catch a wave.'



Case study:

Australia Awards boosting links in the creative industries

The Australia Awards program provides creative industry leaders across the region with the opportunity to strengthen their business and marketing skills and showcase their creations.

In 2023, the Australia Awards program will offer Indonesians a short-term award course on 'Enhancing market integration with Australia for micro-, small and medium-sized enterprise business leaders in creative and cultural industries'.

This course will build upon the success of previous short-term courses focused on international business readiness for Indonesians working in the fashion and textile sectors. Participants on these courses learned to develop business plans, explore market opportunities and strengthen networks, as well as plan for growth and export readiness to Australia. Attendance at key fashion weeks in Australia, including exposure to First Nations fashion designers, built connections and an understanding of Australian fashion markets.

The courses facilitated valuable connections between Australian and Indonesian fashion designers and produced opportunities for participants. For example, Dana Maulana subsequently showcased his designs in GQ Australia magazine. Similarly, Jenahara Nasution from the Jenahara Black label and Melyunn Mutiara from the Monday to Sunday label shared the stage with Australian designer, Chris Ran Lin, at Jakarta Fashion Week.



Image: Australia Awards participants attending the Melbourne Fashion Festival. Source: Australia Awards Indonesia

Jenahara said of the experience, 'This Australia Awards program gave me a study experience and a chance to build relationships and networks as well. It also helped my career to grow more directed with my vision and goals.'

Government-led efforts to boost engagement in cultural collaborations have paid dividends. Screen Australia has in place co-production treaties with Singaporean and Malaysian national counterparts, which – among others – led to the Australia–Singapore television series *Serangoon Road*.²⁵⁶ Australia's development cooperation program has also successfully lifted two-way engagement in the creative industries, as highlighted in the Australia Awards case study above.

The fashion industry more broadly provides avenues for Australian and Southeast Asian designers to enter these respective markets. It is also one of many avenues that Australian First Nations businesses have engaged in Southeast Asia, as the case study on the next page demonstrates.

“In recent years we have used our relationships with DFAT to get introductions to wholesalers and other contacts ...” (Kirrikin)

Digital games represent another enormous opportunity for developers and investors. Video games and interactive entertainment platforms have now become the largest global creative sector (worth approximately A\$250 billion), and one of the fastest-growing industries.²⁵⁷

With access to a wide range of creative and technical talent, Australia is producing world-class games of artistic and cultural significance.

The Australian Government has committed to building Australia's digital games sector through the *Revive National Cultural Policy*,²⁵⁸ and both federal and state governments are investing in digital games development, including through tax offsets.

Comprising some 270 million gamers, the Southeast Asian games market is worth US\$5 billion and is one of the fastest-growing regions for digital games in the world, with a projected compound average growth rate of 19 per cent from 2022 to 2025.²⁵⁹ Supported by its young, tech-savvy population, and rapidly growing economies, the region will continue to be a source of new consumers in digital games, particularly for smartphone users.



Case study:

Kirrikin showcasing First Nations fashion

Founded by Hunter Valley Wonnarua woman, Amanda Healy, Kirrikin is a 100 per cent Indigenous-owned and -registered business that produces luxury clothing accessories using contemporary Indigenous Australian designs and sustainable, handcrafted fabrics.

The word 'kirrikin' is a Wonnarua word that translates roughly to 'Sunday's best clothes' and was part of the original language recorded by missionaries in the Hunter Valley during the early 1820s. It has become a symbol of the company's commitment to Wonnarua language revitalisation.

Kirrikin has a growing international reputation and has received the prestigious Indigenous in Business Award and an E-commerce award through the Export Council of Australia. Based out of Perth, proximity to Southeast Asia and assistance from the Australian Government have been key factors in expanding the Kirrikin brand internationally. Ms Healy said, 'Sales into Southeast Asia are becoming easier and delivery can be within two to three days. Very early on I used the Export Market Development Grants program, but in recent years we have used our relationships with DFAT to get introductions to

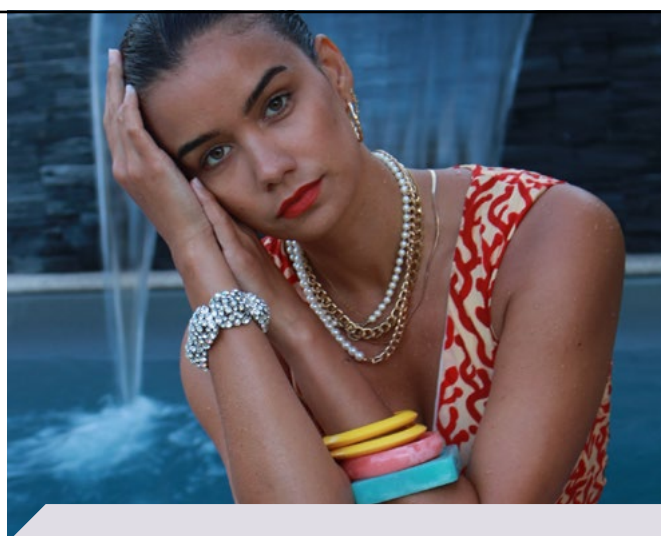


Image: An example of Kirrikin fashion. Source: Kirrikin

wholesalers and other contacts they have.'

Utilising an e-commerce fashion platform for sales, Kirrikin has seen sales from across Southeast Asia, including Indonesia, Vietnam, Singapore, Thailand and Malaysia. Ms Healy said Kirrikin has had to adapt its business for these opportunities. Sizing is one challenge, with more inclusive sizing needed for different body sizes in Asia. Ensuring labelling and care advice is in multiple languages and having automatic currency exchanges on your website is also important.

Stockists in Australia have also seen high sales from those visiting Australia from the region and wishing to bring authentic Indigenous fashion and accessories back with them. Kirrikin is looking for opportunities to take advantage of luxury tastes in the region and to stock its products in Southeast Asian markets.

Pathways to 2040

In addition to the cross-cutting recommendations outlined in Chapter 2, which will have a broad economic impact, this chapter has additional specific recommendations on the creative industries.



Raise awareness

Mobility initiatives like the Australia–ASEAN Emerging Leaders Program and the Australia Awards program highlight Australia’s efforts to reinforce bilateral ties with Southeast Asian partners across the creative industries. Future Australian Government awards should place greater emphasis on the creative industries to further facilitate collaboration between creative talent in Australia and Southeast Asia.

Recommendation

- 72.** Expand creative industry–focused scholarship or exchange initiatives to create access to a vibrant pool of creative talent in Southeast Asia.



Build capability

At present, Screen Australia has co-production treaties in place with Singapore and Malaysia. There could be value in exploring opportunities to expand Screen Australia’s International Co-Production Program to focus on Southeast Asia, to deepen existing partnerships in the region, and to negotiate new co-production treaties with other Southeast Asian partners, including Indonesia.

The digital games industry is expected to continue its rapid growth and will be a major sector in the future for both Australia and Southeast Asia. Encouraging co-productions in this space, like governments have in the film sector, would help boost two-way engagement in this growing industry. There is scope for Australian federal, state and territory governments to work with industry in facilitating and identifying such opportunities.

Recommendation

- 73.** Encourage co-productions in the film and digital games industries between Australian and Southeast Asian producers and developers.



Deepen investment

There is untapped potential for Australian creative industry exports to Southeast Asia. In particular, there are opportunities to draw upon Australian artists' rich and diverse cultural backgrounds, including those with Southeast Asian heritage and First Nations artists, to further develop ties and business opportunities in creative industries. Equally, there is capacity to strengthen Southeast Asian artists' connections with Australia and to bring them to Australia for exposure to Australian audiences. Greater collaboration between cultural institutions, including professional exchanges, will also deepen cultural ties. Harnessing contributions from both the private sector and government would be key to the success of such initiatives. There is value in Australian federal, state and territory governments looking at opportunities with Southeast Asian partners to facilitate such collaboration.

Recommendation

74. Establish a multi-year seed grants program, drawing on public and private sector contributions, for creative industries collaborative projects, such as residencies, between Australia and the region – including Australian artists with Southeast Asian heritage, and First Nations artists.

Australia's art institutions should expand connections with Southeast Asian counterparts through more co-productions and touring exhibitions of Australian art, including First Nations art. Many national and state and territory galleries in Australia house extensive collections of Australian art, including Indigenous art, much of it kept in storage. These collections could form the basis for new exhibitions in the region, broadening awareness of Australia's cultural history and contemporary artists.

Recommendation

75. Work with galleries and arts institutions in Southeast Asia to provide access to Australian art, including Indigenous art, from Australian national and state and territory galleries.

Appendixes

Appendix A: Sector recommendations – summary



Sector	Raise awareness	Remove blockages
Agriculture and food	- Pursue a targeted, sustained and modern 'whole-of-nation' agricultural trade and investment advocacy effort to drive growth. (25) - Promote Australia's environmental, social and governance credentials along the agrifood supply chain. (26)	- Advocate for the establishment of ongoing ministerial and senior officials-level engagement on agriculture through ASEAN mechanisms to provide additional forums to reduce barriers to trade. (27) - Deepen engagement with Cairns Group Farm Leaders in the region (Indonesia, Malaysia, Vietnam, Thailand and the Philippines). (28) - Expand resources for technical expertise and frameworks to support Australian export businesses to comply with new and existing import requirements in Southeast Asian countries. (29)
Resources	Promote Australian capabilities in mining, energy, and METS to support sustainable development in the resources sector in the region. (34)	Offer two-way tertiary scholarships in the resources sector to address skills shortages and gender equality, and enhance Southeast Asia's technical capacity. (35)
Green energy transition	Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers. (2)	- Australia's Treasury should lead expanded work with Southeast Asian partners on high-quality and interoperable sustainable finance classifications and climate-related disclosure rules. (38) - Explore establishing standards and regulations to allow for a regional market in low-energy goods, including electricity and carbon, with interested Southeast Asian partners. (39)
Infrastructure	Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers. (2)	Resource Australian missions in Southeast Asia to work with partner countries to harmonise regulatory frameworks across the region and lift infrastructure standards to de-risk investments. (43)
Education and skills	Australian Government to invest in education promotion across Southeast Asia to raise awareness of Australia's offerings and attract more Southeast Asian students. (47)	- Support expanded offshore delivery of education services through further Australian Government advocacy. (48) - Australian Government to continue reviewing Australia's education visa settings to ensure they are competitive and fit for purpose to 2040. (49) - Australian and Southeast Asian governments to increase cooperation with professional bodies and education providers on qualifications recognition. (50)
Visitor economy	- Expand tourism promotion and build industry capability to meet Southeast Asian demand. (56) - Australian Government to identify opportunities to help build visitor economy data capability in key tourism authorities in the region. (57)	Australian Government to prioritise updates to air services agreements and explore reciprocal open skies agreements with interested Southeast Asian partners where in the national interest. (13)
Healthcare	Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers. (2)	- Australian Government to work with the medical industry to expedite efforts towards recognition or reliance arrangements for Australian-made, TGA-approved medical devices and pharmaceuticals in Southeast Asia. (59) - Australian Government to work with industry and regulators to identify and address high-priority non-tariff barriers in the health sector. (60)
Digital economy	Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers. (2)	Australian Government to work with Southeast Asian partners to expand coverage of ambitious digital trade rules and standards, and promote interoperability through digital trade rules negotiations, advocacy and capacity building. (65)
Professional and financial services	Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers. (2)	- Australian governments to support mutual recognition of professional qualifications, licensing and registration in priority professional services sectors, including through advocacy and grants to professional bodies. (68) - Australian governments and Southeast Asian counterparts to work with professional bodies to ensure digitalisation of credentialing and certification of qualifications. (69) - Use review mechanisms in Australia's existing free trade agreements with Southeast Asian countries to remove barriers affecting professional and financial services, such as foreign equity caps and restrictions on the composition of boards and residency of board members. (70)
Creative industries	Expand creative industry-focused scholarship or exchange initiatives to create access to a vibrant pool of creative talent in Southeast Asia. (72)	

	Build capability	Deepen investment
	• Develop and deepen cooperation on sustainable agrifood systems through existing mechanisms and development programs. (30) • Expand training programs to support and engage regional farmers in world's best agriculture practices (including water, soil, and broader environment and sustainability practices). (31) • Provide long-term support for Southeast Asian trading partners' capacity to address biosecurity threats, including by in-country deployments of specialist technical capabilities. (32)	• Establish an Australian Agriculture Partnership to bring together public and private sector expertise to support agricultural trade cooperation and development in Southeast Asia. (33)
	• Geoscience Australia to work with counterparts on geological surveys, geological storage, hydrogen and geothermal energy, and resource data in Southeast Asia to enhance transparency and support exploration and investment in mineral deposits. (36) • Provide institutional capacity building through government-to-government engagement to promote the sustainable development of Southeast Asia's resources sector. (37)	
	• Draw upon regional clean energy supply chain initiatives to support strategic projects involving Australian and Southeast Asian partners in the battery, electric vehicle and solar sectors. (40) • Develop a clean energy science and technology engagement strategy to work with regional counterparts on technical challenges to meet net zero. (41) • Support industry and education and training providers to develop and promote green qualifications for the Southeast Asian market. (42)	
		• Australian Government to establish a strategic investment facility for Southeast Asian infrastructure projects, utilising Export Finance Australia and other government-supported funding sources. (44) • Establish new investment 'deal teams' for Southeast Asia, blending private sector and Australian Government capabilities to provide outward investment (including financing) services. (45) • Australian Government to extend Partnerships for Infrastructure and expand into early-stage project preparation support. (46)
	• Expand outbound scholarship and mobility programs to include postgraduates and VET students. (51) • Australian governments to seek opportunities for co-financing with universities and sending countries to increase scholarships for Southeast Asian students. (52) • Australian Government to encourage universities and vocational education providers to offer work-integrated learning internships as part of course offerings to Southeast Asian students. (53) • Australian Government to coordinate a whole-of-nation initiative to better engage alumni, including a scheme for connecting alumni with Australian and Southeast Asian businesses. (54)	• Australian Government to work with industry to fund a Southeast Asia research grants scheme in areas of mutual interest with Southeast Asia. (55)
	• Government tourism agencies to partner with industry to expand industry-led capability-building initiatives for operators and their employees so that they better understand cultural preferences and expectations of travellers from Southeast Asia. (58)	
	• Support state and territory governments to work with Australian institutions to develop a health practitioner training program with key Southeast Asian countries. (61) • Expand the TGA regulatory strengthening program to build the capacity of regional regulators. (62) • Support regional health policy agencies to build digital health capabilities and policy frameworks, led by CSIRO's Australian e-Health Research Centre. (63)	• Australian diplomatic missions to work with industry to foster stronger connections between medical innovation hubs in Australia and Southeast Asia. (64)
	• Australian Government to expand the Cyber and Critical Tech Cooperation Program in Southeast Asia to continue building the cyber resilience of the region. (66)	• Australian Government to consider establishing Austrade Landing Pads in Indonesia and Vietnam to support Australian tech companies, similar to Austrade's Landing Pad in Singapore. (67)
	• Explore opportunities for the Australian Government to work with Southeast Asian partners in harmonising emerging digital cross-border payment systems. (71)	
	• Encourage co-productions in the film and digital games industries between Australian and Southeast Asian producers and developers. (73)	• Establish a multi-year seed grants program, drawing on public and private sector contributions, for creative industries collaborative projects, such as residencies, between Australia and the region – including Australian artists with Southeast Asian heritage, and First Nations artists. (74) • Work with galleries and arts institutions in Southeast Asia to provide access to Australian art, including Indigenous art, from Australian national and state and territory galleries. (75)

Appendix B: Suggested implementation timeframe



Recommendations for immediate and medium-term consideration



Raise awareness

2. Establish a new Australia – Southeast Asia business facilitation initiative to undertake targeted sectoral business missions and build the capability of business chambers.
3. Australian Government to work with states and territories, and business to ensure a coordinated approach to promoting Australia, leveraging and building upon the Nation Brand.
4. Appoint special business champions for key markets to promote Southeast Asian opportunities to Australian business.
5. Australian Government to work with the ASEAN Secretariat and business to examine an ASEAN trade, investment and tourism promotion campaign in Australia.
7. Develop a strategy to engage with Australia's Southeast Asian diaspora to inform efforts to deepen SME business links with the region.
25. Pursue a targeted, sustained and modern 'whole-of-nation' agricultural trade and investment advocacy effort to drive growth.
26. Promote Australia's environmental, social and governance credentials along the agrifood supply chain.
34. Promote Australia's capabilities in mining, energy, and METS to support sustainable development in the resources sector in the region.
47. Australian Government to invest in education promotion across Southeast Asia to raise awareness of Australia's offerings and attract more Southeast Asian students.
56. Expand tourism promotion and build industry capability to meet Southeast Asian demand.
57. Australian Government to identify opportunities to help build visitor economy data capability in key tourism authorities in the region.



Remove blockages

10. Australia's Trade 2040 Taskforce, in collaboration with Southeast Asian partners, to review the scope of existing free trade agreements to determine priorities for agreement upgrade negotiations.
11. Expand collaboration on trade rules and standards harmonisation with Southeast Asian partners.
12. Australian Government to implement the Migration Strategy and associated reforms to improve the visa system to facilitate mobility.
27. Advocate for the establishment of ongoing ministerial and senior officials-level engagement on agriculture through ASEAN mechanisms to provide additional forums to reduce barriers to trade.
29. Expand resources for technical expertise and frameworks to support Australian export businesses to comply with new and existing import requirements (for example, environmental sustainability and halal) in Southeast Asian countries.
43. Resource Australian missions in Southeast Asia to work with partner countries to harmonise regulatory frameworks across the region and lift infrastructure standards to de-risk investments.
48. Support expanded offshore delivery of education services through further Australian Government advocacy.
50. Australian and Southeast Asian governments to increase cooperation with professional bodies and education providers on qualifications recognition.
65. Australian Government to work with Southeast Asian partners to expand coverage of ambitious digital trade rules and standards, and promote interoperability through digital trade rules negotiations, advocacy and capacity building.
68. Australian governments to support mutual recognition of professional qualifications, licensing and registration in priority professional services sectors, including through advocacy and grants to professional bodies.

69. Australian governments and Southeast Asian counterparts to work with professional bodies to ensure digitalisation of credentialing and certification of qualifications.



Build capability

- 14. Extend government-to-government technical assistance to other Southeast Asian countries through a new government-to-government partnerships program and other mechanisms.
- 15. Explore continuing Australia's capacity-building support on investment screening and extending it to key Southeast Asian countries.
- 18. Establish a new public and private sector multi-country program to arrange professional exchanges and internships in select industries at the company or organisation level.
- 19. Increase whole-of-government trade and industry policy and commercial engagement capability in Australia's Southeast Asia diplomatic missions and in Australia to assist Australian businesses to use free trade agreements and deliver market access.
- 22. Australian Government to strengthen efforts to support SMEs to trade with Southeast Asia, including through greater emphasis on the region in the Export Market Development Grants program.
- 30. Develop and deepen cooperation on sustainable agrifood systems through existing mechanisms and development programs.

70. Use review mechanisms in Australia's existing free trade agreements with Southeast Asian countries to remove barriers affecting professional and financial services, such as foreign equity caps and restrictions on the composition of boards and residency of board members.



Deepen investment

- 44. Australian Government to establish a strategic investment facility for Southeast Asian infrastructure projects, utilising Export Finance Australia and other government-supported funding sources.
- 45. Establish new investment 'deal teams' for Southeast Asia, blending private sector and Australian Government capabilities to provide outward investment (including financing) services.
- 46. Australian Government to extend Partnerships for Infrastructure and expand into early-stage project preparation support.
- 55. Australian Government to work with industry to fund a Southeast Asia research grants scheme in areas of mutual interest with Southeast Asia.
- 67. Australian Government to consider establishing Austrade Landing Pads in Indonesia and Vietnam to support Australian tech companies, similar to Austrade's Landing Pad in Singapore.

Recommendations for longer-term consideration



Raise awareness

1. National Cabinet should consider developing a whole-of-nation plan to strengthen Southeast Asia literacy in Australian business, government, the education and training system, and the community.
6. Survey major Southeast Asian business group interests and facilitate deeper engagement with Australian companies and investment agencies, including their travel and investment.
72. Expand creative industry-focused scholarship or exchange initiatives to create access to a vibrant pool of creative talent in Southeast Asia.



Remove blockages

8. Continue exploring opportunities to reduce regulatory burden under the Foreign Investment Review Board, as the foreign investment framework regime allows, and seek reciprocal action in the region.
9. Establish a single-door concierge service to facilitate inward foreign investment.
13. Australian Government to prioritise updates to air services agreements and explore reciprocal open skies agreements with interested Southeast Asian partners where in the national interest.
28. Deepen engagement with Cairns Group Farm Leaders in the region (Indonesia, Malaysia, Vietnam, Thailand and the Philippines).
35. Offer two-way tertiary scholarships in the resources sector to address skills shortages and gender equality, and enhance Southeast Asia's technical capacity.
38. Australia's Treasury should lead expanded work with Southeast Asian partners on high-quality and interoperable sustainable finance classifications and climate-related disclosure rules.
39. Explore establishing standards and regulations to allow for a regional market in low-energy goods, including electricity and carbon, with interested Southeast Asian partners.
49. Australian Government to continue reviewing Australia's education visa settings to ensure they are competitive and fit for purpose to 2040.
59. Australian Government to work with the medical industry to expedite efforts towards recognition or reliance arrangements for Australian-made, TGA-approved medical devices and pharmaceuticals in Southeast Asia.
60. Australian Government to work with industry and regulators to identify and address high-priority non-tariff barriers in the health sector.



Build capability

16. Work with Southeast Asian partners to strengthen legal and policy frameworks on workplace health and safety, environmental standards and modern slavery.
17. Develop a regulatory framework to facilitate intra-regional hybrid training and work mobility programs in high-priority industry sectors.
20. Establish a targeted program to support Australian First Nations businesses to increase trade and investment with the region.
21. Australian Government to facilitate young, female entrepreneur linkages with the region through a greater emphasis in visit and scholarship programs.
31. Expand training programs to support regional farmers on world's best agriculture practices (including water, soil, and broader environment and sustainability practices).
32. Provide long-term support for Southeast Asian trading partners' capacity to address biosecurity threats, including by in-country deployments of specialist technical capabilities.
36. Geoscience Australia to work with counterparts on geological surveys, geological storage, hydrogen and geothermal energy, and resource data in Southeast Asia to enhance transparency and support exploration and investment in mineral deposits.
40. Draw upon regional clean energy supply chain initiatives to support strategic projects involving Australian and Southeast Asian partners in the battery, electric vehicle and solar sectors.
41. Develop a clean energy science and technology engagement strategy to work with regional counterparts on technical challenges to meet net zero.
42. Support industry and education and training providers to develop and promote green qualifications for the Southeast Asian market.
51. Australian Government to expand outbound scholarship and mobility programs to include postgraduates and VET students.
52. Australian governments to seek opportunities for co-financing with universities and sending countries to increase scholarships for Southeast Asian students.
61. Support state and territory governments to work with Australian institutions to develop a health practitioner training program with key Southeast Asian countries.
63. Support regional health policy agencies to build digital health capabilities and policy frameworks, led by CSIRO's Australian e-Health Research Centre.
66. Australian Government to expand the Cyber and Critical Tech Cooperation Program in Southeast Asia to continue building the cyber resilience of the region.
73. Encourage co-productions in the film and digital games industries between Australian and Southeast Asian producers and developers.

23. Explore the feasibility of new government instruments for reducing risk in investments offshore, including examining political risk insurance.
24. Explore working with multilateral development banks to support the development of more resilient long-term debt markets.
33. Establish an Australian Agriculture Partnership to bring together public and private sector expertise to support agricultural trade cooperation and development in Southeast Asia.
64. Australian diplomatic missions to work with industry to foster stronger connections between medical innovation hubs in Australia and Southeast Asia.
74. Establish a multi-year seed grants program, drawing on public and private sector contributions, for creative industries collaborative projects, such as residencies, between Australia and the region – including Australian artists with Southeast Asian heritage, and First Nations artists.
75. Work with galleries and arts institutions in Southeast Asia to provide access to Australian art, including Indigenous art, from Australian national and state and territory galleries.

Appendix C: Country profiles and action plans



Brunei Darussalam



Trade and investment relationship with Australia

Two-way trade A\$4.6b (2022)	Two-way investment: np (2022)	Students 246 (2022)	Visitors 3,050 (2022)
Two-way trade in goods A\$4.5b (2022)	AUS investment in Brunei: np (2022)		
Two-way trade in services: A\$0.1b (2022)	Brunei investment in AUS: A\$207m (2022)	Diaspora 3,010 (2021)	Outbound visitors 1,270 (2022)

np = not available for publication

Multilateral/Regional	Bilateral
WTO – member, APEC – member, CPTPP – party, RCEP – party, AANZFTA – party, IPEF – founding member	Comprehensive Partnership

Diplomatic and economic relations

Australia and Brunei enjoy a longstanding relationship focused on defence, trade, education and regional cooperation. The two countries work closely through ASEAN-related forums and share a common interest in open, rules-based trade. Australia and Brunei cooperate effectively on security threats facing the region and have close links between police, security, counter-terrorism and immigration authorities.

Outlook to 2040

Revenue from hydrocarbon exports has boosted Brunei's health, education and income levels, which are high compared with most other Southeast Asian countries. Beyond upstream oil and gas, Brunei's economy has potential to develop in the aquaculture, food processing and maritime sectors, as well as downstream oil and gas industries. Brunei's economic growth projections to 2040 are steady. Real GDP is forecast to grow by 3.5 per cent in 2023, then slow to 1.3 per cent annually by 2030, before steadily rising to 1.8 per cent by 2040. The working-age population is expected to decline from 2035. Inflows of skilled migrants and greater levels of tertiary education among its youth – particularly outside oil and gas – would assist in offsetting these challenges. The Bruneian Government's Vision 2035 seeks to achieve top 10 global status on the Human Development Index and a sustainable economy with income per capita in the top 10 in the world. Brunei is embarking on efforts to diversify its economy to reduce its dependence on upstream oil and gas exports. The key priority sectors include downstream oil and gas, food, tourism, information and communications technology (ICT) and services.

Sectors to watch

Agriculture and food

Brunei will likely remain a small but valuable market for Australia. As a developed economy, Brunei will continue to prize Australian agricultural goods. Australian meat and fresh produce played an important role in maintaining Brunei's food security during the COVID-19 pandemic. Brunei's transition from an oil and gas-led economy to new sources of growth could open opportunities for Australia to supply inputs and investment for agrifood processing for export to global halal markets.

Resources

Resources exports will likely remain a key part of Brunei's economic growth story to 2040. There will continue to be opportunities for Australian resources companies to engage in this sector.

Green energy transition

As Brunei targets net zero by 2050, there will be opportunities for Australian investment to assist with energy transition. Australian education providers could also contribute to Brunei's green-skilled workforce development, including through education exchanges.

Education and skills

Bruneian universities are looking for Australian partners to host students on semester and year-long exchanges and split degree programs.



Raise awareness

- Showcase investment opportunities for the Brunei Investment Agency in Australia
- Match Australian tech businesses' capability with digital economy opportunities in Brunei
- Promote Australian capabilities in low-emissions LNG extraction and transport
- Build business-to-business awareness of bilateral green economy opportunities
- Attract more tertiary, VET, English-language and school students from Brunei
- Build awareness among Australian and Bruneian universities of semester and year-long exchanges
- Facilitate business-to-business dialogue between Australian and Bruneian logistics firms
- Expand Australian tourism marketing efforts



Remove blockages

- Seek common standards across industries, including food, medicines, medical devices, cyber and green economy
- Advocate for a protocol with Brunei on advising Australian energy businesses on subcontracting opportunities
- Encourage bilateral recognition of qualifications



Build capability

- Expand the Cyber and Critical Tech Cooperation Program to build cyber resilience
- Provide long-term support to address food safety standards
- Facilitate access to Australian expertise and laboratory services in food technology
- Deepen institutional-level partnerships and expand technical assistance on decarbonisation pathways
- Explore potential for infrastructure cooperation through the Brunei–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA)
- Expand the TGA regulatory strengthening program to build the capacity of Bruneian regulators
- Facilitate Brunei–Australia dialogue on Islamic finance



Deepen investment

- Focus investment promotion initiatives on Brunei
- Reopen an in-country Austrade office, with focus on enhancing trade and investment in agrifood, energy, cyber services and vocational training
- Maintain support for the ASEAN Climate Change Centre, to be hosted in Brunei, including its work to promote green economy partnerships
- Explore establishing ecotourism partnerships between Brunei and Australia



Trade and investment relationship with Australia

Two-way trade A\$1.1b (2022)	Two-way investment: np (2022)	Students 2,868 (2022)	Visitors 8,710 (2022)
Two-way trade in goods A\$0.8b (2022)	AUS investment in Cambodia: A\$29m (2022)		
Two-way trade in services: A\$0.3b (2022)	Cambodian investment in AUS: np (2022)	Diaspora 39,390 (2021)	Outbound visitors: 18,000 (2022)
Australian ODA: A\$83.6m (2023-24)			

np = not available for publication

Multilateral/Regional	Bilateral
WTO – member; RCEP – party; AANZFTA – party	Not applicable

Diplomatic and economic relations

Australia and Cambodia work together on a range of common interests in regional and global forums and celebrated 70 years of diplomatic relations in 2022. Two-way trade is modest and facilitated by regional FTAs. Business links have grown, particularly in mining, food and beverages, and services. Australia's development cooperation program prioritises health security, stability and economic recovery.

Outlook to 2040

Out to 2040, real GDP growth is projected to stay above 5 per cent annually. Cambodia has targeted reaching upper-middle-income status by 2030 and high-income status by 2050. Cambodia's economic growth is supported by foreign investment and access to export markets, particularly in the United States and Europe. Garments, construction, tourism and agriculture have driven its growth. Structural reform, adopting new technologies and upskilling its workforce will be key for sustainable economic growth. The Cambodian Government is targeting facilitating SMEs and entrepreneurship to enhance competitiveness, to diversify away from agriculture and generate employment. Investment to improve infrastructure will support long-term growth goals. A priority will be to modernise and prepare Cambodia's grid towards an energy mix with at least 60 per cent renewable energy by 2040.

Sectors to watch

Agriculture and food

Agriculture employs a fifth of the Cambodian workforce and accounts for a fifth of national GDP.

But agriculture processing makes up only 1.5 per cent of GDP, compared to an ASEAN average of 4.5 per cent. This relative underdevelopment reflects a gap and an opportunity. Rural development promotion makes agriculture a key priority for the Cambodian Government and an opportunity for Australian businesses to assist with providing quality inputs and mechanisation.

Green energy transition

To meet Cambodia's net zero by 2050 target, significant private investment into green energy will be necessary, including in grid modernisation and battery storage. Cambodia could address growing energy demand and reduce costs by investing in solar and wind generation, and ancillary services.

Infrastructure

Investment in infrastructure will be crucial for Cambodia to maintain current levels of growth. At present, insufficient infrastructure increases costs of production and makes Cambodia's economy less competitive. Subject to the right governance and regulatory environment, more investment opportunities for Australian business, including in sectors like logistics, are likely.

Education and skills

Australia is the most popular English-language destination for Cambodian tertiary students, making Australian tertiary and vocational education providers well placed to contribute to upskilling the Cambodian workforce as it seeks to reach its ambitious income targets by 2040. Key sectors that will drive growth include tourism, agriculture, SME entrepreneurship and health services.



Raise awareness

- Undertake targeted sectoral business missions
- Leverage the Australian-supported Handbook on Investment in Cambodia to promote opportunities
- Leverage the Australian alumni community to connect government and private sector
- Promote Australian capabilities in mining, energy and METS
- Attract more tertiary, English-language and school students from Cambodia
- Expand Australian tourism marketing efforts



Remove blockages

- Identify opportunities through the Cambodia–Australia Partnership for Resilient Economic Development (CAP-RED) to support a sound regulatory environment for investment, including through government and private sector collaboration
- Expand collaboration on standards harmonisation
- Facilitate Cambodian investment in Australia
- Implement and upgrade existing trade instruments to remove trade, investment and other market access barriers
- Promote Australian suppliers to fill renewable energy sector needs



Build capability

- Work with Cambodia on modern approaches to food regulation, including digital initiatives
- Deepen institutional-level partnerships and expand technical assistance on decarbonisation pathways through CAP-RED
- Promote education links between Cambodia and key Australian universities and certification bodies, including through twinning arrangements
- Expand the TGA regulatory strengthening program to build the capacity of Cambodian regulators
- Promote sustainable development of Cambodia's resources sector through short courses and other opportunities
- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support



Deepen investment

- Continue working with AusCham Cambodia to strengthen the Australian business network in Cambodia
- Use CAP-RED program to develop an online FTA portal to support Cambodia's implementation of FTAs
- Continue to support the Agrifood Investment Desk to promote investment in agrifood businesses in Cambodia
- Support energy planning, forecasting and integration of variable renewable energy through CAP-RED



Trade and investment relationship with Australia

Two-way trade A\$23.3b (2022)	Two-way investment: A\$3.9b (2022)	Students 16,914 (2022)	Visitors 90,840 (2022)
Two-way trade in goods A\$19.0b (2022)	AUS investment in Indonesia: A\$3.1b (2022)		
Two-way trade in services: A\$4.3b (2022)	Indonesia investment in AUS: A\$805m (2022)	Diaspora 89,480 (2021)	Outbound visitors: 612,450 (2022)
Australian ODA: A\$326.1m (2023-24)			

Multilateral/Regional	Bilateral
WTO – member; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Strategic Partnership; Indonesia–Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

Diplomatic and economic relations

Australia and Indonesia share a vision for an open, stable and prosperous Indo-Pacific. The two countries work together through ASEAN-led forums and are strong supporters of the ASEAN Outlook on the Indo-Pacific. Australia and Indonesia aim to deepen defence cooperation to contribute to our mutual security and that of the region and continue to strengthen trade and investment. IA-CEPA will remove barriers to two-way trade, increase bilateral movement of workers and drive collaboration.

Outlook to 2040

Indonesia is on track to be one of the world's largest economies by 2040. Real GDP is forecast to grow at over 5 per cent until 2027, and then remain steady at or above 4 per cent until 2040. Indonesia could attain top-10 economy status in the next decade and may reach top five by 2040, from its current position of 14th. Indonesia aims to become a developed country by 2045; its forecast growth will bring tens of millions of people into the middle class by 2040. Indonesia's government is focused on boosting productivity and improving education standards. To avoid a stagnating economy, Indonesia will need to invest heavily in energy, transport and supply chain infrastructure. Its upwards economic trajectory out to 2040 will stem from large growth in domestic consumption in education and training, agriculture (especially beef), energy, health and aged care.

Sectors to watch

Agriculture and food

Indonesia will seek to reduce dependence on agricultural imports, but opportunities will remain for Australian food and beverage exporters as Indonesia's middle class grows. More than 99 per cent of Australian agricultural products will enter Indonesia duty free or under improved trade rules due to IA-CEPA.

Green energy transition

Indonesia has committed to reduce emissions by 29 per cent by 2030, though its emissions are projected to rise beyond 2040. Its efforts to reduce emissions while meeting its population's needs will create opportunities in the green energy sector, including for private sector investment.

Education and skills

Indonesia has a large upskilling task ahead as it seeks to add 57 million workers to the economy by 2030 and likely over 100 million by 2040. This will provide opportunities for Australian tertiary and VET providers to offer in-country courses to boost the skills of Indonesian students.

Healthcare

Indonesia's increasingly wealthy and ageing middle class will demand premium health services in Indonesia, which will not be met solely through public investment. IA-CEPA guarantees majority Australian ownership limits for hospitals, aged care services and other types of health clinics.



Raise awareness

- Undertake targeted sectoral business missions
- Establish annual firm-level surveys of two-way investment stock
- Match Australian tech businesses' capability with digital economy opportunities in Indonesia
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs
- Attract more Indonesian tertiary, VET, English-language and school students



Remove blockages

- Encourage bilateral recognition of qualifications between Indonesia and Australia
- Explore opportunities to assist with environmental, social and governance standards and reporting in the resources sector
- Continue work to establish mechanisms with Indonesia's halal authority (BPJPH) to ensure Australian halal-certified goods exports are not disrupted
- Progress memorandum of understanding on creative economy collaboration



Build capability

- Implement the Australia–Indonesia Climate and Infrastructure Partnership to deepen government-to-government links and expand technical assistance and knowledge sharing with Indonesia on decarbonisation pathways
- Expand delivery of short courses on emerging issues (for example, artificial intelligence and cyber)
- Partner with the tourism industry to expand initiatives building operator awareness of Indonesian cultural preferences
- Expand the TGA regulatory strengthening program to build the capacity of Indonesian regulators
- Encourage universities and vocational education providers to offer internships to Indonesian students
- Maintain technical assistance to modernise Indonesia's health system, laying the foundation for future opportunities for Australian healthcare providers
- Explore support for internships and exchanges between Australian and Indonesian creative organisations



Deepen investment

- Focus investment promotion initiatives on Indonesia
- Extend Austrade's Landing Pads for tech companies to Indonesia
- Continue to support Indonesia's response to animal and livestock diseases
- Explore opportunities to pilot small-scale renewable energy electricity grids in remote areas and assist with grid upgrades as a pathway for future Australian investment
- Scale up use of development financing tools, including an Emerging Markets Impact Investment Fund (EMIIF) Indonesia window for SMEs, to de-risk investments in clean energy



Trade and investment relationship with Australia

Two-way trade A\$0.6b (2022)	Two-way investment: np (2022)	Students 611 (2021)	Visitors 1,520 (2022)
Two-way trade in goods A\$0.5b (2022)	AUS investment in Laos: np (2022)		
Two-way trade in services: A\$0.01b (2022)	Laos investment in AUS: np (2022)	Diaspora 11,130 (2021)	Outbound visitors: 2,140 (2022)
Australian ODA: A\$47.7m (2023–24)			

np = not available for publication

Multilateral/Regional	Bilateral
WTO – member; RCEP – party; AANZFTA – party	Not applicable

Diplomatic and economic relations

Australia and Laos cooperate across trade, investment, education and security. Diplomatic relations have been in place since 1952 – the longest unbroken diplomatic relationship Laos has with any country. Australia and Laos are working towards elevating ties to a Comprehensive Partnership. Australian companies have invested in mining, agriculture, forestry and tourism. Australia's development cooperation program focuses on education, human resource development, private sector development, economic reform, and connectivity.

Outlook to 2040

Laos has experienced significant economic growth in recent years (pre-COVID-19 pandemic average real GDP growth of 7 per cent), driven by hydropower, mining, agriculture and forestry. Structural issues, including high public debt and double-digit inflation, currently constrain growth and limit government investment in education, health and infrastructure. Laos's economic trajectory for the next five years is expected to see real GDP growth increase from 3.6 per cent to up to 5.2 per cent, before gradually slowing to 3.8 per cent by 2040. Laos expects to graduate from least developed country status by 2026. To achieve this, the Lao Government is seeking to diversify the economy and attract foreign investment, particularly in manufacturing and tourism, and plans to expand and upgrade transportation networks, grid infrastructure and telecommunication networks. Promoting foreign investment and enhancing trade and investment cooperation in the region and beyond will be key to driving growth.

Sectors to watch

Agriculture and food

The agriculture sector employs more than 60 per cent of the working population. The Lao Government is trying to move Laos up the value chain from subsistence agriculture to larger-scale agribusiness and create a niche for 'green and clean' products. There are opportunities for Laos to develop more high-quality agricultural exports, using technology and exporting more high-value products (for example, beef, organic fruit, coffee and tea). There is scope for exchange with Australia's high-quality, science-driven agriculture sector.

Resources

Mining has been a key driver of Laos's economic growth, attracting 30 per cent of foreign direct investment in Laos over the past 10 years. Mining, including gold, copper and rare earths, presents opportunities for Australian investment and Australia's services industry.

Green energy transition

Laos exports more electricity than any other Southeast Asian country, largely from hydropower, and seeks to increase its exporting capacity (from 10,076 megawatts in 2020 to 20,000 megawatts by 2030). There are opportunities for Laos to meet its energy export strategy with investment in non-hydro renewable energy, including wind and solar, and water-energy integration projects such as floating solar and pumped storage hydropower. Laos has a nascent interest in green finance, including carbon credits, and is working to develop regulatory and policy guidelines.



Raise awareness

- Undertake targeted business missions, including exploring opportunities in the green economy and agriculture
- Promote Australian capabilities in key sectors, including energy and mining services
- Match Australian tech businesses' capability with digital economy opportunities in Laos
- Attract more tertiary, VET, English-language and school students from Laos



Remove blockages

- Develop agreed standards to streamline access and movement of agricultural products
- Facilitate commercial education and training matching between Australian education providers with Lao institutions and businesses



Build capability

- Continue a focus in Australia's development cooperation program on human resource development, including the next phases of the Basic Education Quality and Access in Lao PDR program and the Laos–Australia Institute
- Develop an alumni initiative connecting alumni with Australian and Lao businesses
- Support energy planning and a greater understanding of renewable energy technology through the Laos–Australia Sustainable Energy Partnership
- Partner with the Ministry of Natural Resources and Environment and the Global Green Growth Institute to establish a national framework for participation in international carbon markets
- Expand the TGA regulatory strengthening program to build capacity of Lao regulators



Deepen investment

- Deliver initiatives with Laos on attracting high-quality foreign direct investment
- Explore new opportunities in climate-resilient agriculture, leveraging the work of ACIAR
- Support Laos's infrastructure priorities to increase trade, employment and inclusive economic growth through the Laos–Australia Connectivity Partnership
- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support



Trade and investment relationship with Australia

Two-way trade A\$33.5b (2022)	Two-way investment: A\$30b (2022)	Students 15,420 (2022)	Visitors 85,260 (2022)
Two-way trade in goods A\$30.9b (2022)	AUS investment in Malaysia: A\$10.1b (2022)		
Two-way trade in services: A\$2.6b (2022)	Malaysia investment in AUS: A\$19.8b (2022)	Diaspora 172,350 (2021)	Outbound visitors 104,100 (2022)

Multilateral/Regional	Bilateral
WTO – member; APEC – member; CPTPP – party; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Strategic Partnership; Malaysia–Australia Free Trade Agreement

Diplomatic and economic relations

Australia and Malaysia have a strong and longstanding relationship, with important defence ties and an economic partnership underpinned by the Malaysia–Australia Free Trade Agreement. Australia is Malaysia's seventh-largest goods trading partner and Malaysia is Australia's eighth-largest goods and services trading partner. People-to-people links are diverse, spanning education, tourism, science and innovation.

Outlook to 2040

Malaysia's real GDP growth is projected to remain above 4 per cent for the next five years, before gradually falling to 2.7 per cent from 2035 to 2040. Malaysia is on track to reach high-income (or developed) country status in the next five years. Malaysia is seeking to improve its competitiveness by creating high-quality jobs, strengthening its institutions, ensuring greater inclusion and investing in its population. This will require a transition from a manufacturing-heavy economy to a knowledge-based and high-value economy. The Malaysian Government's emphasis on high-value-added industries and digital transformation is expected to drive growth, including in services, agriculture and technology.

Sectors to watch

Agriculture and food

Australia provides a high proportion of food products to Malaysia, including an estimated 10 per cent of Malaysia's dairy, a quarter of imported meat and two-thirds of imported wheat. Areas for future cooperation include food control systems, food trade and opportunities for agribusiness.

Resources

Malaysia's demand for fossil fuels is expected to decline to 2040 based on its decarbonisation commitments, yet resources will remain an important import. Natural gas, copper and coal were in the top six goods exports from Australia to Malaysia in 2022. There will be opportunities for Australian businesses with Malaysia's energy transition, including hydrogen and renewables.

Education and skills

Prior to 2020, more than 24,000 Malaysians studied each year in Australia and current student numbers signal a recovery from Malaysia. Four Australian universities have a campus presence in Malaysia. Australia and Malaysia have committed to further cooperation in vocational education and training, online tertiary education delivery and quality assurance, qualifications recognition and research collaboration, providing further opportunities for Australian education providers.

Digital economy

Malaysia's MyDigital strategy seeks to transform Malaysia into a digitally driven, high-income nation and a regional leader in the digital economy. The Australia–Malaysia Tech Exchange Memorandum of Understanding on digital collaboration (2020) commits both countries to enhancing digital cooperation, reducing barriers to digital trade and promoting open digital trade rules.



Raise awareness

- Attract more tertiary, VET, English-language and school students from Malaysia
- Enhance collaboration with the Malaysia Digital Economy Corporation, particularly on bilateral investment opportunities
- Undertake a targeted agricultural trade and investment advocacy campaign, including via sectoral business missions
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs
- Expand Australian tourism marketing efforts



Remove blockages

- Encourage cooperation on recognition of qualifications between Malaysia and Australia
- Develop agreed standards to streamline access and movement of agricultural products
- Facilitate commercial education and training matching between Australian education providers with Malaysian institutions and businesses
- Work with Malaysian regulators to harmonise regulatory frameworks to help de-risk investments
- Prioritise negotiations on air services agreements
- Continue to advocate for Malaysia's role in supporting diverse and resilient global critical minerals supply chains



Build capability

- Encourage business matching and knowledge sharing between innovative Australian and Malaysian SMEs and startups
- Build awareness of collaboration opportunities for Australian businesses for halal-certified products and services
- Enhance cooperation on food safety standards to facilitate increased food trade
- Deepen institutional-level partnerships and expand technical assistance on decarbonisation pathways
- Connect alumni with Australian and Malaysian businesses
- Promote exchanges to encourage cultural collaboration among artists
- Continue to share experiences and expertise on building supply chain resilience



Deepen investment

- Focus investment promotion initiatives on Malaysia
- Extend Partnerships for Infrastructure funding to continue to support Malaysia's energy transition
- Foster connections between medical innovation hubs in Australia and Malaysia
- Upgrade the Malaysia–Australia Free Trade Agreement to include new provisions and cooperation on digital and green economy

Philippines



Trade and investment relationship with Australia

Two-way trade A\$8.2b (2022)	Two-way investment: A\$8.6b (2022)	Students 17,976 (2022)	Visitors 80,280 (2022)
Two-way trade in goods A\$6.1b (2022)	AUS investment in Philippines: A\$7.0b (2022)		
Two-way trade in services: A\$2.1b (2022)	Philippines investment in AUS: A\$1.6b (2022)	Diaspora 310,620 (2021)	Outbound visitors: 112,490 (2022)
Australian ODA: A\$89.9m (2023-24)			

Multilateral/Regional	Bilateral
WTO – member; APEC – member; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Partnership

Diplomatic and economic relations

Soon to elevate the relationship to a Strategic Partnership, Australia and the Philippines have a deep and longstanding diplomatic relationship dating back to 1946. Defence and security ties go back even further. Cooperation is diverse, including political, economic, development, defence, security and cultural relations. Australia's trade relationship with the Philippines is supported by regional free trade agreements. Strong tourism and student and diaspora networks underpin deep people-to-people links.

Outlook to 2040

Real GDP growth is projected to be around 6 per cent annually over the next five years, among the highest in Southeast Asia, before slowing to 4.1 per cent a year by 2040. Recent measures to open the economy to foreign investment will support the Philippines to sustain high growth. Better use of capital, labour and technology to increase productivity, and improvements to ease of doing business, will also be important. The Philippine Government seeks to eradicate poverty by 2040 by prioritising inclusive and sustainable growth, housing and urban development, manufacturing, connectivity, education, tourism, agriculture, health and financial services. Increased investment in digitisation, critical infrastructure and clean energy, and quality education and skills training, will also be important. Structural shifts facilitating a transition from an agriculture-heavy labour market to an agribusiness-focused economy will boost the Philippines' place in value chains.

Sectors to watch

Agriculture and food

In 2023, the Philippines' agrifood market is estimated to be worth A\$71.9 billion. Australia is well positioned to gain a larger market share (currently 6 per cent) as AANZFTA reduces barriers. The Philippines has a high demand for feed wheat, barley and milling wheat, and increased interest for Australia's fresh vegetables and premium beef. The Philippines imports 99 per cent of its dairy; Australia supplies only 3.5 per cent.

Education and skills

Significant opportunities exist for Australian education and training offerings, including in micro-credentials through education partnerships with relevant Philippine institutions. Training areas of interest include health, food and hospitality, ICT and financial services.

Resources

The Philippines has the third-largest deposits of gold, fourth for copper, fifth for nickel and sixth for chromite. Valued at A\$1.3 trillion, these resources are largely untapped. With bans lifted on open pit mining and new mining permits being issued, there are new foreign investment opportunities.

Green energy transition

The Philippines has set targets of 35 per cent renewables in the power generation mix by 2030 and towards 50 per cent by 2040. With the renewable energy sector open to 100 per cent foreign investment, there are opportunities for Australian businesses, expertise and technology.



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in the Philippines
- Support marketing campaigns for Australian products
- Increase awareness of the benefits of AANZFTA and RCEP
- Introduce Australian infrastructure capabilities and technology to multilateral banks, including the Asian Development Bank
- Attract more tertiary and VET students from the Philippines
- Promote Australian strengths in project and preparation activities planning, particularly for critical infrastructure
- Expand Australia's tourism marketing efforts
- Increase awareness of Philippine Government programs to expedite investments, such as the Green Lanes for Strategic Investments program



Remove blockages

- Encourage cooperation in recognition of qualifications
- Build on ongoing engagement on improving competition and ease of doing business, including at the subnational level
- Provide additional technical support to Philippine regulators and industry associations to resolve market access barriers
- Support economic governance development cooperation to improve the infrastructure investment environment
- Facilitate commercial education and training matching between Australian education providers and Philippine institutions and businesses



Build capability

- Increase cooperation on mining policy, including sharing Australia's expertise in environmental, social and governance frameworks
- Establish exchanges on Australia's energy regulatory ecosystem
- Work with partners, stakeholders, multilateral banks and aid agencies to provide alternative pathways to market for Australian expertise businesses supporting climate change projects
- Work with the Philippine Government to strengthen public-private partnerships
- Enhance support for relevant high-quality research and analysis and foster stronger links between academic institutions and policymakers
- Connect alumni with Australian and Philippine businesses
- Consider an aged care vocational training program supported by Australian aged care providers
- Promote exchanges to encourage cultural collaboration among artists
- Work with the Philippine Government to share expertise on economic security



Deepen investment

- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support
- Focus investment promotion initiatives on the Philippines
- Explore a new phase of Australian education and skills assistance to improve standards, promote Australian education quality credentials and build linkages between Australian and Philippine research, training and education institutions
- Explore opportunities for public-private partnerships in digital health
- Consider a multi-year seed grants program for creative industries collaborative projects



Trade and investment relationship with Australia

Two-way trade A\$52.9b (2022)	Two-way investment: A\$225b (2022)	Students 6,185 (2022)	Visitors 295,810 (2022)
Two-way trade in goods A\$38.8b (2022)	AUS investment in Singapore: A\$76b (2022)		
Two-way trade in services: A\$14.1b (2022)	Singapore investment in AUS: A\$149b (2022)	Diaspora 59,190 (2021)	Outbound visitors 226,070 (2022)

Multilateral/Regional	Bilateral
WTO – member; APEC – member; CPTPP – party; RCEP – party; AANZFTA – party; IPEF – founding member	Comprehensive Strategic Partnership; Singapore–Australia Free Trade Agreement; Australia–Singapore Digital Economy Agreement; Singapore–Australia Green Economy Agreement

Diplomatic and economic relations

As active partners with two of the most open economies in the region, Australia and Singapore's relationship will deepen even further with the next iteration of the Comprehensive Strategic Partnership (2025–2035). The two countries uphold global trade rules and set standards that deliver outcomes for the region, including through regional forums (for example, ASEAN and APEC) and are signatories to regional free trade agreements and originators of a bilateral Digital Economy Agreement and Green Economy Agreement. Singapore is Australia's fifth-largest trading partner and fifth-largest source of foreign investment. Beyond its domestic market, Singapore offers significant opportunities for Australian industries to leverage its role as a maritime, aviation, financial and commercial hub to expand into the region.

Outlook to 2040

Singapore's economic trajectory to 2040 is anticipated to be steady. It will remain the commercial hub for Southeast Asia for financial services, investment, trading, logistics, shipping, digital economy and connectivity, and green services and technology. Real GDP is projected to reach 2.7 per cent in the next five years, before falling to 1.4 per cent by 2040. By 2040, the Tuas port is expected to be the world's largest fully automated port, doubling the capacity of Singapore's current port, which already handles 12 per cent of world shipping trade. Singapore's reputation as one of the easiest places to do business, set up headquarters and resolve investor disputes is unlikely to be challenged.

Sectors to watch

Agriculture and food

Singapore's interests in food security will continue to drive agricultural trade. Singapore imports over 90 per cent of its agricultural needs and Australia is a trusted and reliable food partner. Australia and Singapore are negotiating a 'Food Pact' to increase the flow of Australian food to Singapore and into the region, shore up Singapore's food security and position it as a hub for food products.

Resources

Over 95 per cent of Singapore's electricity is generated from imported natural gas. To achieve its net zero target, renewable energy will become increasingly important. Singapore seeks to have 50 per cent of its domestic electricity powered by clean hydrogen by 2050. As a leading maritime bunkering and air hub, Singapore will play a key role in shaping global transitions to green shipping and aviation.

Green energy transition

Singapore is targeting net zero by 2050 and seeks to be a regional hub for green finance and carbon markets. The Green Economy Agreement provides for cross-border economy activities that drive green growth and facilitate flows of environmental goods and services, green and transition finance, and clean energy.

Digital economy

Singapore is first in Asia for digital readiness. The Digital Economy Agreement will advantage Australian businesses with a framework for cooperation on artificial intelligence, data protection and trade facilitation.



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in Singapore
- Showcase opportunities and create partnerships on inward investment, including in renewable energy, critical minerals and food
- Encourage board meetings for Australian investors to be held in Singapore
- With the private sector, keep the Singapore–Australia Green Economy Agreement on the cutting edge of net zero economic cooperation (including with AustCham Singapore)
- Attract more tertiary, VET, English-language and school students from Singapore
- Regularise and expand bilateral finance dialogue



Remove blockages

- Encourage cooperation in recognition of qualifications between Singapore and Australia
- Build on the Singapore–Australia Digital Economy Agreement with practical cooperation initiatives focused on delivering industry needs
- Draw on the Singapore–Australia ‘Food Pact’ to recognise systems for more seamless and cost-competitive trade in Australian food products
- Monitor and eliminate non-tariff barriers, including on environmental goods and services under the Green Economy Agreement
- Facilitate commercial education and training matching between Australian providers and Singaporean institutions and businesses
- Advocate for removal of regulatory barriers to Australian universities in Singapore
- Cooperate on hydrogen, including technology, commercialisation, investment and standards



Build capability

- Work with partners, including AustCham Singapore and state and territory partners, to produce investment guides on Singapore
- Facilitate connections between startups to identify opportunities for Australian expertise in fintech, regtech, healthtech and edtech
- Deepen cooperation on new technology and regulatory standards for carbon capture, utilisation and storage
- Cooperate on LNG technology to lower emissions
- Use the Green Economy Agreement to:
 - expand institutional partnerships and technical assistance
 - create new frameworks for cross-border trade in electricity
 - build interoperability between green finance taxonomies
 - seek new areas for green economy collaboration
- Enhance information sharing on infrastructure projects, including privatisation opportunities
- Connect alumni with Australian and Singaporean businesses
- Encourage co-productions in the film and digital games industries



Deepen investment

- Accelerate development of Australia’s single trade window, and its interoperability with Singapore’s system
- Encourage greater investment in food and supply chains
- Explore solutions with the private sector to reduce the cost of freight for Australian products
- Continue to facilitate investor interest in Australian resources, like LNG and critical minerals
- Increase SME-to-SME linkages and exchanges, including via the Green Economy Agreement Go-Green Co-innovation Program grants focused on SMEs
- Facilitate business matching to encourage joint venture investments in regional infrastructure
- Establish the new green and digital shipping corridor with Singapore by 2025, with associated investment in both countries
- Deepen cooperation in health and medical sectors

Thailand



Trade and investment relationship with Australia

Two-way trade A\$27.7b (2022)	Two-way investment: A\$15b (2022)	Students 19,362 (2022)	Visitors 52,650 (2022)
Two-way trade in goods A\$25.4b (2022)	AUS investment in Thailand: A\$4.8b (2022)		
Two-way trade in services: A\$2.2b (2022)	Thailand investment in AUS: A\$10.4b (2022)	Diaspora 81,740 (2021)	Outbound visitors 241,830 (2022)

Multilateral/Regional	Bilateral
WTO – member; APEC – member; RCEP – party; AANZFTA – party; IPEF – founding member	Strategic Partnership; Thailand–Australia Free Trade Agreement; Strategic Economic Cooperation Arrangement

Diplomatic and economic relations

Australia and Thailand have longstanding economic, political, defence and people-to-people ties, characterised by large flows of travellers and students. The two countries collaborate on cyber, counter-narcotics, people smuggling and countering human trafficking. The Strategic Economic Cooperation Arrangement aims to strengthen government-to-government economic cooperation, improve regulatory settings and encourage business connections. Australia has three free trade agreements with Thailand; the Thailand–Australia Free Trade Agreement is one of Australia's oldest and has high utilisation rates.

Outlook to 2040

Thailand's economic forecast to 2040 is steady, with projected real GDP growth of over 3 per cent annually for the next five years, before falling by 2030 to around 2 per cent (to be maintained out to 2040). The fall in growth is in part due to Thailand's ageing population (the over-65-year-old demographic will rise from 13 per cent in 2020 to 26 per cent in 2040). Thailand's labour force is projected to decline from 39 million in 2020 to 35 million in 2040. Improving female workforce participation rates, policy reform (especially in education and agriculture), liberalising skilled migration and boosting private sector investment will likely be necessary to ensure economic growth.

Sectors to watch

Agriculture and food

Increased consumer affluence will continue to fuel demand for premium food and beverages.

Australia is seen as a reliable and reputable supplier of high-quality agricultural products. There are opportunities for Australian businesses to export ingredients for use in manufacturing food products.

Green energy transition

Thailand has committed to achieve a 40 per cent reduction in emissions by 2030, carbon neutrality by 2050 and net zero emissions by 2065. These goals present opportunities for Australian investment in green technology. Thailand also aims to be a regional hub for the production of electric vehicles, which provides scope for two-way trade and investment to expand battery manufacturing capacity.

Education and skills

Australian education institutions are well placed to assist Thai students to upgrade their skills, including through micro-credentials in areas such as tourism and hospitality, IT, cybersecurity, construction and food production. Thailand is Australia's sixth-highest source of international students. Research and postgraduate research training also offer opportunities for Australia's tertiary education sector.

Digital economy

Thais are some of the most active users of new technology; 67 per cent use social media. The e-commerce market is worth more than 770 billion baht (A\$34 billion) and Thailand is aiming for the digital economy to contribute a quarter of GDP by 2028. Australia is pursuing digital economy cooperation with Thailand to further strengthen digital trade rules and facilitate digital trade.



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in Thailand
- Work with major Thai customers, purchasers and importers of Australian products to invest in supply chains related to their businesses
- Match Australian tech businesses' capability with digital economy opportunities in Thailand
- Profile opportunities in the Thai energy sector to Australian energy businesses
- Attract more tertiary, VET, English-language and school students from Thailand
- Expand tourism promotion and build industry capability to meet demand from Thailand



Remove blockages

- Encourage cooperation in recognition of qualifications between Thailand and Australia
- Review the Thailand–Australia Free Trade Agreement to improve investment and services market access
- Support domestic reforms to help Thailand meet CPTPP standards for any future accession bid
- Advocate reform of Thailand's Foreign Business Act
- Continue to work with the Greater Mekong Subregion Energy Transition Task Force to advance cross-border electricity trading
- Facilitate commercial education and training matching between Australian education providers and Thai institutions and businesses



Build capability

- Draw on Australian Government expertise to support economic reform in Thailand (e.g. Australian Competition and Consumer Commission and Productivity Commission)
- Continue to support Thailand to improve water management, including water allocation policies to better meet needs of business, consumers and agricultural users
- Deploy Australian experts to provide technical assistance and support agriculture policy development
- Deploy experts from Australian agencies (e.g. CSIRO, Australian Energy Regulator, Australian Energy Market Operator and the Department of Climate Change, Energy, the Environment and Water) to support policy development for energy and climate resilience in Thailand
- Encourage Australian businesses in Thailand that deliver training to expand programs with help from VET providers
- Connect alumni with Australian and Thai businesses



Deepen investment

- Focus investment promotion initiatives on Thailand
- Continue to fund work with Thailand's Royal Irrigation Department through the Mekong–Australia Partnership on climate-resilient and sustainable water management
- Invest in the Mekong–Australia Partnership to provide capacity building to advance cross-border electricity trading and support Thailand's implementation of its Bio-Circular-Green Economy model
- Foster connections between medical innovation hubs in Australia and Thailand



Trade and investment relationship with Australia

Two-way trade A\$0.2b (2022)	Two-way investment: A\$16.8b (2022)	Students 59 (2022)	Visitors 5,990 (2022)
Two-way trade in goods A\$0.1b (2022)	AUS investment in Timor-Leste: A\$16.7b (2022)		
Two-way trade in services: A\$0.1b (2022)	Timor-Leste investment in AUS: A\$23m (2022)	Diaspora 10,670 (2021)	Outbound visitors: 5,970 (2022)
Australian ODA: A\$118m (2023–24)			

Multilateral/Regional	Bilateral
WTO – seeking membership; ASEAN – seeking membership	Not applicable

Diplomatic and economic relations

Australia and Timor-Leste share a strong partnership built on people-to-people links, and security and defence ties. Australia is Timor-Leste's leading development assistance partner and supports its objective of economic diversification and private sector growth. Australia supports Timor-Leste's ambition to become a member of ASEAN and the World Trade Organization.

Outlook to 2040

Timor-Leste seeks to reach upper-middle-income status by 2030 through investment of petroleum revenue in education, health and agricultural productivity. It sees regional economic integration as a pathway to greater accessibility for its agricultural exports and tourism from Southeast Asia. Projected economic growth will be affected by its resources output. Real GDP is expected to drop by 10.4 per cent in 2023, reflecting the planned winding down of the Bayu-Undan offshore gas field, before rising to 3 per cent in 2024. Future growth will depend on the development of the Greater Sunrise gas and condensate fields, which would cause real GDP growth to remain steady at 3 to 3.5 per cent out to 2040. Without Greater Sunrise, depletion of Timor-Leste's sovereign wealth fund within 10 years is predicted and real GDP is likely to decline.

Remittances to Timor-Leste from overseas workers make up the second-largest export after oil. Improving the skills of Timorese workers, including those overseas, will assist in boosting productivity across key sectors, as well as remittances.

Sectors to watch

Agriculture and food

More than two-thirds of Timor-Leste's population is connected to agriculture, largely in subsistence farming. There are opportunities to expand production and compete with imported food, including rice, and for Timor-Leste to further develop more high-quality agricultural exports, particularly coffee.

Resources

Timor-Leste is exploring minerals and carbon capture and storage (specifically in the now depleted Bayu-Undan offshore gas field). Renewable energy projects in Timor-Leste have the potential to improve fiscal and climate change outcomes.

Infrastructure

Timor-Leste has significant infrastructure needs, including in transport and telecommunications. The Timorese Government is investing substantially, and development banks are providing concessional finance, including for roads, water and energy. Timor-Leste is interested in public-private partnerships.

Education and skills

Increasing the capabilities of Timorese is a priority to address skills gaps and boost employment outcomes in Timor-Leste.



Raise awareness

- Strengthen understanding of business opportunities for Australian businesses, particularly in Northern Australia, with Timor-Leste
- Promote Australian capabilities in mining, energy and METS
- Connect Australian business with infrastructure stakeholders through targeted, industry-specific business missions and briefing programs



Remove blockages

- Develop agreed standards to streamline access and movement of agricultural products
- Support progress on and implementation of outcomes from Greater Sunrise negotiations
- Offer two-way tertiary scholarships in the resources sector to address skills shortages and gender equality, and enhance Timor-Leste's technical capacity
- Support streamlining of infrastructure procurement
- Facilitate partnerships between Australian institutions and local training providers



Build capability

- Share lessons on e-government with Timor-Leste, including digitisation of government services and business registration
- Promote sustainable development of Timor-Leste resources sector through scholarships and government-to-government exchanges (e.g. LNG Partnership program)
- Geoscience Australia to work with Timor-Leste partners on geological surveys to support exploration and investment
- Identify areas of infrastructure governance to support through programs like PROSIVU
- Connect alumni with Australian and Timorese businesses
- Work with Timor-Leste to strengthen the tourism sector, including quality of products and market information
- Expand regional collaboration to strengthen procurement and import processes for essential medical goods
- Seek opportunities for exchange with First Nations communities
- Promote exchanges to encourage cultural collaboration among artists



Deepen investment

- Support the establishment of an Australia – Timor-Leste Chamber of Commerce
- Facilitate Australian investment in the coffee sector in Timor-Leste
- Identify infrastructure investment opportunities through the Australian Infrastructure Financing Facility for the Pacific (AIFFP) and private sector partners, including in renewable energy, ports and telecommunications
- Explore support for English-language training for officials to assist with ASEAN membership and other priorities
- Scope the role of digital health in primary care service delivery



Trade and investment relationship with Australia

Two-way trade A\$25.7b (2022)	Two-way investment: A\$2.2b (2022)	Students 22,521 (2022)	Visitors 69,830 (2022)
Two-way trade in goods A\$23.3b (2022)	AUS investment in Vietnam: A\$1.8b (2022)		
Two-way trade in services: A\$2.4b (2022)	Vietnam investment in AUS: A\$437m (2022)	Diaspora 268,170 (2021)	Outbound visitors: 132,072 (2022)
Australian ODA: A\$95.1m (2023–24)			

Multilateral/Regional	Bilateral
WTO – member; APEC – member; CPTPP – party; RCEP – party; AANZFTA – party; IPEF – founding member	Strategic Partnership; Enhanced Economic Engagement Strategy

Diplomatic and economic relations

Australia and Vietnam are strong partners with converging strategic interests, fast-growing trade, expanding education links and a long-term, constructive development partnership. The two countries intend to elevate the relationship to a Comprehensive Strategic Partnership. Australia and Vietnam are involved in trade and investment rules-setting and, through the Enhanced Economic Engagement Strategy (EEES), are committed to strengthening two-way trade and investment.

Outlook to 2040

Vietnam's strong growth trajectory (average 6.7 per cent annually over the past 30 years) is projected to be maintained for the next five years, before falling to 4 per cent by 2040. It aims to become a high-income country by 2045 with growth targets of 6.5 to 7.5 per cent annually and seeks to move up the global value chain from a manufacturing export-oriented economy based on fossil fuels to one with advanced technology, services and highly skilled labour based on renewable energy. Vietnam has committed to net zero emissions by 2050. Achieving this and meeting its ambitious growth targets will be challenging, likely requiring substantial market and institutional reforms, and investment in renewable energy. By 2035, Vietnam will be one of the fastest-ageing countries. In response, it has proposed reforms to facilitate productivity, invest in skills training and increase healthcare support.

Sectors to watch

Agriculture and food

As the economy expands, demand for premium food and beverages will grow. Two-way trade in agriculture, fisheries and forestry surpassed A\$6 billion in 2022. Australia and Vietnam have committed to expand market access, including on fresh fruits. Opportunities exist for investors to expand food production and add value to downstream processing industries.

Resources

Energy and resources exports make up over half of Australia's merchandise exports to Vietnam. Coal is the top export and Australian iron ore exports have also increased. Demand for Australia's resources exports will grow further, including in aluminium, copper, zinc and lead. Australia's mining sector could also assist with resources exploration, new innovations and supply of critical minerals.

Green energy transition

Opportunities exist for investors in renewable energy (solar, wind and battery storage). Australian capabilities in clean energy supply chains and services will find viable markets. Vietnam's regulatory and investment framework and complicated approval processes remain obstacles.

Education and skills

Competition for international students is strong. Australia needs to focus on marketing, promotion and alumni support. There is potential for universities to cooperate in program delivery, staff and student exchanges, and research. Opportunities also exist in VET and for Australian schools.



Raise awareness

- Establish an outward investment mission program targeting institutional investors to deepen understanding of opportunities in Vietnam
- Leverage investor stories to build awareness of opportunities, including through EEES business champions and diaspora
- Support Australian and Vietnamese businesses to understand digital trade rules and digital trade facilitation
- Hold the Energy and Resources Ministerial Dialogue
- Attract more tertiary, VET, English-language and school students from Vietnam
- Promote newly established direct flights between Australia and Vietnam
- Expand tourism promotion and build industry capability to meet Vietnamese demand
- Promote Australian private care models for disability care, aged care and childcare



Remove blockages

- Continue to support AusCham Vietnam to enhance its advocacy capacity for Australian business
- Continue support for Vietnam's digital government agenda
- Continue to support the revision of Vietnam's Mining Law
- Advocate for removal of regulatory barriers to Australian university campuses in Vietnam
- Prioritise negotiations on air services agreements
- Explore ways to improve recognition arrangements for TGA-approved medical devices and pharmaceuticals
- Encourage cooperation in recognition of qualifications between Vietnam and Australia



Build capability

- Continue support for business environment reform
- Develop the Digital Economy Memorandum of Understanding and broader cooperation mechanisms with Vietnam
- Continue building skills through ACIAR collaborative research and CSIRO's Aus4Innovation program
- Encourage Australian agencies – such as Geoscience Australia, CSIRO and the Australian Nuclear Science and Technology Organisation – to promote sustainable critical minerals processes and supply chain linkages in Vietnam
- Connect alumni with Australian and Vietnamese businesses
- Boost exchanges on sustainable tourism destination management and planning
- Encourage co-productions in the film and digital games industries



Deepen investment

- Extend Austrade Landing Pads for tech companies to Vietnam
- Expand use of development program to catalyse impact investment and highlight opportunities for Australian investors
- Continue investment in women-led tech companies, e.g. Investing in Women and the Emerging Markets Impact Investment Fund (EMIIF)
- Commission a study on critical minerals supply chain linkages
- Deliver A\$75 million development cooperation program to support energy transition, transport and infrastructure, trade policy, competitiveness and productivity

Appendix D: Method and acknowledgements



This strategy draws upon primarily open-source data and uses the most comprehensive, recent data where possible. But there are limitations in the datasets available. Often data is only available for the larger Southeast Asian economies and not for the smaller ASEAN member states and Timor-Leste. Trade-in-goods data is more readily available than trade-in-services data, especially for Southeast Asia and its global trade. For these reasons, data used throughout refers to different country groupings and data types. This is made clear in the text or accompanying notes.

In developing this strategy, the Special Envoy for Southeast Asia, Mr Nicholas Moore AO, has drawn on written submissions and consultations with a diverse range of business, government, and community representatives in Australia and Southeast Asia. Mr Moore has also drawn on the advice of a small reference group. He is deeply appreciative of these important contributions, which have guided and enriched the strategy. He also wishes to acknowledge the work of an interagency Australian Government secretariat led by DFAT, which coordinated input from stakeholders and supported his engagement activities.

List of submissions

Around 200 public submissions were received which are listed below. The list does not include submissions where the author has asked for their submission to remain confidential.

1. ACE Electric Vehicles
2. Advance, the Global Australian Network
3. Advance Australia Council
4. Advanced Robotics for Manufacturing Hub (ARM Hub)
5. Airwallex
6. AMP Capital
7. Apple and Pear Australia Limited (APAL)
8. Arnott's
9. Asialink Business – Sidney Myer Asia Centre
10. Asia Investor Group on Climate Change (AIGCC)
11. Asia-Pacific Diplomacy and Defence Dialogue (AP4D)
12. Asia Society Australia
13. Asian Development Bank (ADB)
14. Asian Natural Gas & Energy Association (ANGEA)
15. Asian Studies Association of Australia, University of New South Wales
16. Aspen Medical
17. Association of Australian Convention Bureaux (AACB)
18. Association of Asia Pacific Performing Arts Centres (AAPPAC)
19. AstraZeneca
20. Aurecon Group
21. AUS Asia Business Council (AABC)
22. Australia-ASEAN Chamber of Commerce (AustCham ASEAN)
23. Australia-Thailand Chamber of Commerce (AustCham Thailand)
24. Austmine Limited
25. Australia-Vietnam Leadership Dialogue (AVLD)
26. Australia Indonesia Business Council (AIBC)
27. Australia Malaysia Business Council (AMBCSA)
28. Australia Philippines Business Council
29. Australian Academy of Vocational Education and Trades Pty Ltd
30. Australian Airports Association
31. The Australian Association of Stud Merino Breeders
32. Australian Catholic University
33. Australian Chamber of Commerce and Industry (ACCI)
34. Australian Council for International Development (ACFID)
35. Australian Council of Learned Academies (ACOLA)
36. Australian Exports Grains Innovation Centre (AEGIC)
37. Australian Fair Trade & Investment Network (AFTINET)
38. Australian Hydrogen Council
39. Australian Institute of Landscape Architects
40. Australian Music Association
41. Australian National University
42. Australian Numerical Control and Automation (ANCA)
43. Australian Pork
44. Australian Retirement Trust
45. Australian Sugar Milling Council (ASMC)
46. Australian Table Grape Association Inc. (ATGA)
47. Australian Technology Network (ATN) Universities
48. Australian Water Association (AWA)

49. Australian Wool Innovation Limited
50. Australian Wool Producers
51. Austrex
52. AUSVEG Limited
53. Aware Super
54. Beanstalk
55. Beasley Intercultural
56. Bell Bay Advanced Manufacturing Zone (BBAMZ)
57. Berries Australia Limited
58. Bisnis Asia
59. BlueScope Steel Limited
60. BowerGroupAsia
61. Box Hill Institute
62. Business Council for Sustainable Development Australia (BCSDA)
63. Business Council of Australia (BCA)
64. Canberra Region Tourism Industry Council
65. Carbon Disclosure Project (CDP) – Disclosure Insight Action
66. CBH Group
67. Central Queensland University
68. Chevron
69. Chisholm Institute
70. Climateworks Centre
71. Concordia Vox
72. Cotton Research and Development Corporation (CRDC)
73. Council of Australian Postgraduate Associations (CAPA)
74. Cruise Line International Association (CLIA Australasia)
75. CSL Limited
76. Cturtle
77. CWP Global
78. Department of Industry, Tourism and Trade (NT Government)
79. Department of Tourism, Innovation and Sport
80. Diplomats for Climate Action Now
81. Dominion (Lao) Co. Limited
82. Doug Fergusson
83. Dream Tours and Incentives Management (DTIM)
84. Dynek Proprietary Limited
85. Ecotourism Australia
86. Edith Cowan University
87. Embassy of the Lao PDR in Australia
88. Embassy of the Socialist Republic of Vietnam in Australia
89. Emerging Payments Association (EPA) Asia
90. Engineers Australia
91. Entura
92. Ethnic Communities Council of Victoria
93. Euromonitor International
94. Federation University
95. FinTech Australia
96. Flinders University
97. Formula One Surf International Proprietary Limited
98. FutureFeed
99. Future Energy Exports Cooperative Research Centre (FEnEx CRC)
100. Gordon TAFE
101. Grain Trade Australia
102. Griffith University
103. Group of Eight – 1st
104. Group of Eight – 2nd
105. Haileybury
106. Head of Mission Brunei Luke Arnold
107. Head of Mission Indonesia Penny Williams
108. Head of Mission Laos Paul Kelly
109. Head of Mission Malaysia Justin Lee
110. Head of Mission Myanmar Angela Corcoran
111. Head of Mission Philippines HK Yu PSM
112. Head of Mission Singapore Will Hodgman
113. Head of Mission Thailand Angela Macdonald
114. Head of Mission Timor-Leste Bill Costello
115. Head of Mission Vietnam Andrew Goledzinowski
116. Horticultural Exporters' and Importers' Association (AHEIA)
117. Humanities Research Centre, Australian National University
118. IFM Investors
119. Independent Higher Education Australia (IHEA)
120. Indonesia Investment Authority (INA)
121. Infant Nutrition Council
122. Innovative Research Universities
123. International Development Contractors' Community (IDCC)
124. International Monetary Fund (IMF)
125. Invocare
126. IPH Limited
127. IQ Energy Australia
128. ITC Pacific Proprietary Limited
129. James Cook University
130. Kaplan Australia
131. LAVO
132. Live Performance Australia
133. MA Financial Group
134. Macmahon Holdings Limited
135. Macquarie Group
136. Makers Empire
137. Professor Mark Scott AO, University of Sydney
138. Massage & Myotherapy Australia
139. Meat & Livestock Australia
140. Medical Technology Association of Australia (MTAA)
141. Medtronic
142. Melbourne Polytechnic
143. Minderoo Foundation
144. Monash University
145. Multicultural Council of Tasmania
146. Nanosonics Limited

147. National Farmers' Federation
148. NEAS Australia
149. New Edge Education Group
150. Professor Nicholas Farrelly
151. Noumi International
152. Observer of Indonesia and Southeast Asia
153. Ping Services
154. Plenary Group Holdings
155. Powerledger Energy Projects
156. PrimeBMD
157. ProTom International
158. Qlicksmart Proprietary Limited
159. Queensland Tourism Industry Council
160. Raymond Mallon - Hanoi, Vietnam
161. Royal Embassy of Cambodia in Australia
162. Royal Melbourne Institute of Technology University
163. Royal Thai Embassy in Australia
164. Salwood Asia Pacific Proprietary Limited
165. SEEK Limited
166. Shaun Cameron
167. Singapore High Commission
168. Sounds Australia
169. South Australia Vietnam Business Council
170. South Australian Tourism Commission
171. Square Peg Capital
172. Standards Australia
173. Stone & Chalk
174. Su McClusky (Global Agriculture Leadership Initiative)
– Special Representative for Australian Agriculture
175. Sun Cable
176. TasRex Proprietary Limited
177. Professor Tiho Ancev, University of Sydney
178. Toll Group
179. Tourism and Events Queensland
180. Trade and Investment Queensland
181. University of Adelaide
182. University of Canberra
183. University of Melbourne
184. University of New England
185. University of New South Wales (UNSW)
186. University of Queensland
187. University of Southern Queensland
188. University of Sunshine Coast
189. University of Sydney
190. University of Tasmania
191. VETASSESS
192. Victorian Multicultural Commission
193. Visy
194. William Angliss Institute
195. Worley Group
196. Zero-Carbon Energy for the Asia-Pacific Grand
Challenge, Australian National University

List of consultations

In his consultations, the Special Envoy engaged with over 750 individuals from the organisations listed below. (Note: This includes multiple engagements. The list excludes companies that have requested confidentiality.)

1. Aboitiz Equity Ventures
2. AC Ventures
3. Acclime Vietnam
4. ACEN
5. Acleda Bank
6. Adelaide Festival Centre
7. Advanced Micro Foundry
8. Agricultural and Rural Development Bank
9. AIBC
10. Akara Resources
11. Allens
12. AmCham Cambodia
13. Amcor Singapore
14. Amru Rice Co., Ltd.
15. Ancora
16. ANZ Australia
17. ANZ Lao
18. ANZ Vietnam
19. ANZCHAM
20. APA Insurance
21. Argo Investments
22. Arnotts
23. Art Gallery of NSW Trust
24. Art Gallery of Western Australia
25. Artemis Digital
26. Arts and Culture WA
27. Arup
28. Ascend Ventures
29. ASEAN Business Alliance
30. ASEAN-Business Council
31. Asia Aviation Public Company Ltd
32. Asia Society Australia
33. Asialink Group
34. Asian Development Bank
35. Aspen Medical
36. Association of Superannuation Funds Australia
37. Attapeu Solar Project
38. Aurecon
39. Auscham Cambodia
40. AusKhmer Import Export Co. Ltd
41. Austal Vietnam
42. AustCham Singapore
43. Australia Philippines Business Council
44. Australia Vietnam Policy Institute

45. Australia–ASEAN Chamber of Commerce (AustCham ASEAN)
46. Australia–ASEAN Council
47. Australia–Indonesia Centre
48. Australian APEC Study Centre
49. Australian Catholic University
50. Australian Centre for Education, Cambodia
51. Australian Department of Climate Change, Energy, Environment and Water
52. Australian Export Grains Innovation Centre
53. Australian Industry Group
54. Australian Institute of Company Directors
55. Australian Institute of International Affairs (WA Branch)
56. Australian Super
57. Australian–Thai Chamber of Commerce
58. Aware Super
59. Ayala Corporation
60. Bamboo Capital Group
61. Bank Islam Brunei Darussalam
62. Barrenjoey
63. BFI
64. BHP
65. Blackmores
66. Blackstone Minerals
67. Blockchain Association
68. Blue Energy
69. Bluescope Australia
70. Bluescope Steel Vietnam
71. Board of Trade of Thailand
72. Boston Consulting Group
73. BRED Bank
74. Bridge Bank
75. Brookfield
76. Brunei Ministry of Finance and Economy
77. Bursa Malaysia
78. Business Assistance Facility (BAF)
79. Business Council of Australia
80. CAANZ
81. Cambodia Chamber of Commerce
82. Cambodia Ministry of Foreign Affairs and International Cooperation
83. Cambodia Pepper and Spices Foundation
84. Cambodian Ministry of Education, Youth & Sport
85. Canadia Bank
86. Cambodia Women Entrepreneurs Association
87. CAP-RED
88. CBH
89. Cbus Super Fund
90. CDC
91. Central Retail Group
92. Centre of Policy Development
93. Centre for Stories, Western Australia
94. Centre for Strategy and Innovation Policy
95. Chevron New Energies
96. Chip Mong Group
97. Citi Group
98. Civitas
99. Climateworks
100. Cochlear
101. Coles
102. Commonwealth Bank Australia
103. Commonwealth Scientific and Industrial Research Organisation (CSIRO)
104. Confederation of Chambers of Commerce and Industry
105. Corio Generation
106. Council for International Education
107. Council for the Development of Cambodia
108. CPA Australia
109. Craig Mostyn Group
110. CT Corporation
111. Cturtle
112. Curtin University, Australia
113. Curtin University, Singapore
114. Darussalam Enterprises
115. Defence SA
116. Diplomatic Academy of Vietnam
117. Dominion (Lao) Co., Ltd
118. DT Global (PROSPERA and Katalis)
119. DuluxGroup
120. Dutch Mill
121. Eastern Economic Corridor Office (EECO)
122. Edukasyon
123. Embassy of the Democratic Republic of Timor-Leste in Australia
124. Embassy of the Lao PDR in Australia
125. Embassy of the Republic of Indonesia in Australia
126. Embassy of the Republic of the Philippines in Australia
127. Embassy of the Socialist Republic of Vietnam in Australia
128. Emerald Resources
129. Employees Provident Fund
130. Environmental Resources Management Vietnam
131. Equilibrium Capital
132. EuroCham Cambodia
133. EXIM
134. Express Food Group Co., Ltd.
135. Federation of Thai Industries
136. Fortescue Metals Group
137. FPT
138. Frasers Property Thailand
139. Frontier Advisors
140. FTB Bank
141. Fulbright University Vietnam
142. Future Fund

143. Gamuda
144. Gentari Renewables
145. GeoComply
146. Ghanim International Corporation
147. GHD
148. GIC
149. Global Infrastructure and Investment (PGII)
150. GlobalFoundries
151. Go8 Universities
152. Gresham Partners
153. Grimm Power
154. Gulf Energy Development
155. Guzman y Gomez Singapore
156. Handcrafted Cashew Nuts Stung Treng Co., Ltd.
157. High Commission of Brunei Darussalam in Australia
158. High Commission of Malaysia in Australia
159. High Commission of the Republic of Singapore in Australia
160. Hoa Phat
161. Hort Innovation
162. HSBC
163. IDP Cambodia
164. IFM Investors
165. Impact Hub Phnom Penh
166. Independent Studies
167. Indonesia Australia Business Coalition
168. Indonesia Institute
169. Indonesian Chamber of Commerce and Industry (KADIN) for International Relationships
170. Indonesian Fintech Association
171. Indonesian Investment Authority
172. Indosat
173. Institute for Democracy and Economic Affairs (Malaysian)
174. Intel Technology Asia
175. Intercontinental Hotels Group
176. International Business Chamber of Cambodia
177. Invest Victoria
178. Investment NSW
179. IPH Limited
180. J Trust Royal Bank
181. James Cook University
182. James Cook University, Singapore
183. Japanese Business Association of Cambodia
184. Kalbe Nutritionals
185. Kaplan Singapore
186. KAS Group
187. Keppel Infrastructure Trust
188. Khazanah Nasional Berhad
189. Khmer Cold Chain
190. Khmer Fresh Milk (Kirisu Farm) Co., Ltd.
191. Khmer Organic Cooperative Co., Ltd.
192. King & Wood Mallesons
193. Kingsgate
194. KPMG
195. KPMG Vietnam
196. Kumpul
197. Kumpulan Wang Persaraan
198. La Trobe University
199. Lady Saving Group
200. LAM Research
201. Lao Business Assistance Facility
202. Lao Derm Group
203. Lao Ministry of Industry and Commerce
204. Lao Ministry of Planning and Investment
205. Lendlease
206. Lighthouse Capital
207. Linfox
208. Lippo Group
209. LOCA
210. LOGOS Group
211. Low Carbon Australia
212. Lowy Institute
213. LVK Group of Companies
214. Lycopodium
215. LyLy Food
216. Macquarie Group
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218. Malaysian Automotive Association
219. Malaysian Ministry of Economy
220. Malaysian Ministry of Finance
221. Manila Angel Investing Network
222. Masan High Tech Materials Corporation
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228. Mekong Timber Plantations
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233. Mirvac
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236. MLC Asset Management
237. MMP Co. Ltd, Cambodia
238. Momo
239. Monash University
240. Monsoon Wind Power Project
241. Morgan Stanley Australia

242. Nam Theun 2 Power Company
243. National Australia Bank
244. Navita Healthy Food and Beverages Co., Ltd.
245. NEXTDC
246. Noongar Chamber of Commerce & Industry
247. NS Bluescope Malaysia
248. Office of the Governor, South Australia
249. Orlar
250. OSK Holdings
251. OzAsia Festival
252. Pact Cambodia
253. Paññāsāstra University of Cambodia
254. Patamar Capital
255. PC1, Vietnam
256. Perdaman
257. Permodalan Nasional Berhad, Malaysia
258. Perth Airport
259. Perth Institute of Contemporary Arts
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262. Pharmacare
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269. Pilmico Foods Corporation
270. Poynton Stavrianou
271. Prime Metro BMD Corporation, Manila
272. Privy.ID
273. Provaris
274. PT Bank ANZ Indonesia
275. PT Orica Mining Services
276. PT Sarana Multi Infrastruktur (SMI)
277. PTL Holding
278. PTT Public Company Limited
279. PwC Indonesia
280. QAF Group Brunei Darussalam
281. Qantas
282. QBE
283. Queensland Investment Corporation
284. Ratch
285. Regional Trade for Development
286. Renewable Energy Business Development and Commercial (Global Growth)
287. ResMed
288. Restaurants Development Co., Ltd
289. Rio Tinto
290. RMA Group
291. RMIT University
292. RMIT University, Vietnam
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294. Royal Embassy of Cambodia in Australia
295. Royal Group
296. Royal Thai Embassy in Australia
297. Royal University of Phnom Penh
298. Sarawak Energy
299. SATS
300. SC Capital Partners
301. Scentre Group
302. Scotch College
303. Serikandi Holdings
304. Shipper
305. Singapore Economic Development Board
306. Singapore Ministry for Trade and Industry
307. Singapore Semiconductor Industry Association
308. Singaporean Minister for Trade and Industry
309. SM Investments Corporation
310. SMEC Foundation
311. Sok Siphana and Associates
312. Solar Green Energy (SOG) Cambodia
313. South Australia Department of the Premier and Cabinet
314. South Australia Department of Trade and Investment
315. SOVICO
316. SPC Global Limited
317. Special Representative for Greater Sunrise
318. STAG Vietnam
319. Start Up Vietnam Foundation
320. Stockland
321. Stratacom Properties
322. Sunrice
323. Supalai
324. Super Retail Co., Ltd.
325. Swinburne University of Technology
326. Talent Excellence Development Partner Co. Ltd
327. Tasman Environmental Markets
328. TCC Assets (Thailand)
329. Telstra
330. Temasek
331. Tenaga Nasional
332. Thai Bankers' Association
333. Thai Chamber of Commerce
334. Thai Joint Standing Committee on Commerce, Industry and Banking
335. Thailand Ministry of Foreign Affairs
336. Thales Australia
337. Thanaleng Dry Port
338. The Australian Chamber of Commerce, Singapore (AustCham)
339. The Electrical and Electronics Association of Malaysia
340. The Khmer Lesson

341. Theun-Hinbourn Power Company
342. Timor-Leste Ministry of Foreign Affairs
343. TK Group
344. TMX Global
345. TOHLAO
346. Toll Global Express
347. Traveloka
348. TRUE Infrastructure
349. UniSuper
350. Universities Australia
351. University of Economics, Ho Chi Minh City
352. University of Melbourne
353. University of Newcastle
354. University of NSW
355. University of Queensland
356. University of Sydney
357. University of Tasmania
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382. World Bank
383. Worldbridge Group

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Abbreviations and acronyms

AANZFTA	ASEAN – Australia – New Zealand Free Trade Area
ABEI	Agribusiness Expansion Initiative
ABS	Australian Bureau of Statistics
ACIAR	Australian Centre for International Agricultural Research
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
CAP-RED	Cambodia-Australia Partnership for Resilient Economic Development
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DFAT	Department of Foreign Affairs and Trade
DISR	Department of Industry, Science and Resources
EEES	[Australia–Vietnam] Enhanced Economic Engagement Strategy
EFA	Export Finance Australia
EMDG	Export Market Development Grants
EMIIF	Emerging Markets Impact Investment Fund
FTA	free trade agreement
GDP	gross domestic product
GFCI	Global Financial Centres Index
IA-CEPA	Indonesia–Australia Comprehensive Economic Partnership Agreement
ICT	information and communications technology
IEA	International Energy Agency
IPEF	Indo-Pacific Economic Framework for Prosperity
LNG	liquefied natural gas
METS	mining equipment, technology and services
MFICII	Mekong Foreign Investment and Critical Infrastructure Initiative
MRA	mutual recognition agreement
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
P4I	Partnerships for Infrastructure
RCEP	Regional Comprehensive Economic Partnership Agreement
SME	small and medium-sized enterprise
STEAM	science, technology, engineering, the arts and mathematics
TGA	Therapeutic Goods Administration
VET	vocational education and training
WTO	World Trade Organization

Notes

Introduction

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