

THE ROTATOR

Official Newsletter of The ABSC Incorporated



March, 2020

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Co-editor - Mrs Sylvia Alafaci

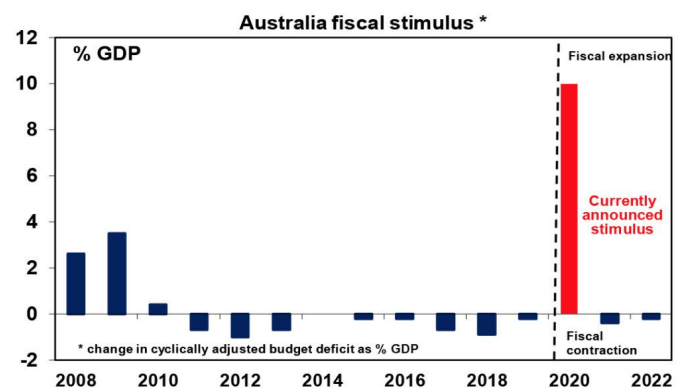
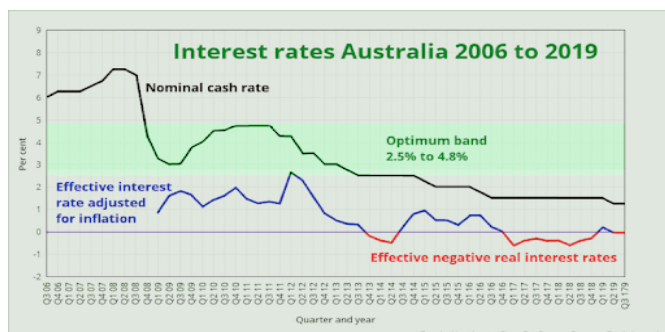


EDITORIAL

Welcome to the eleventh edition of the ABSC Inc. Newsletter.

RBA manipulation of interest rates to stabilise demand and wind back inflation affects the level of economic activity in Australia. Leveling the inflation rate at two to three percent per annum (as measured by the Consumer Price Index average over the course of the business cycle) contributes to the measure of interest rates that are endorsed so as to stimulate the domestic market. Demand management needs to promote low interest rates and marginal inflation to facilitate bigger national investment outputs with concomitant rises in Australian exports and import replacement in order to bolster the economy's offshore competitiveness and minimise wages growth resulting from increased living costs.

Tight monetary policies push up interest rates and give rise to depressed levels of capital investment essential for sustained economic progress. High interest rates choke off the private sector that *tout de suite* becomes less profitable and produce unmanageable foreign capital inflows as well as overvaluations of the AUD, which in turn reduces the activities of export and / or import-competing businesses. Overseas competitive pressures and flow-ons into retail prices of AUD appreciation against other currencies increase imports / inflationary pressures and generate prolonged reductions in business activity and confidence in the Australian economy.



Source: IMF, AMP Capital

Fiscal stimulus without restraint in public sector spending produces budget deficits due to an inflationary expansion of the money supply, leading to price increases, compensatory wage claims and higher interest rates. Overblown interest rates slow down homegrown demand /

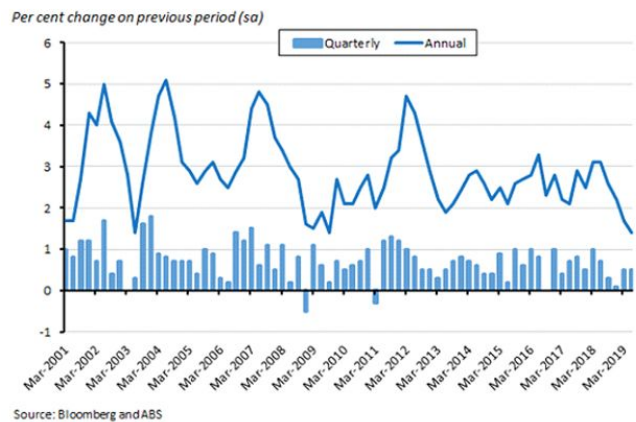
production and entice businesses to borrow from non-domestic sources where funds would be accessed more cheaply, with “withholding” tax exemptions for interest paid on international capital, aggravating the Australian economy’s current account deficit. Under such awkward circumstances, our federal / state governments should undertake to keep homegrown interest rates at the same levels as / or lower than comparative rates on investments in our major trading partners to exert leverage over the exchange rate (and inbound / outbound capital movements) designed to prevent the AUD’s appreciation and frustration of the country’s economic goals.

CAD and Fiscal Policy

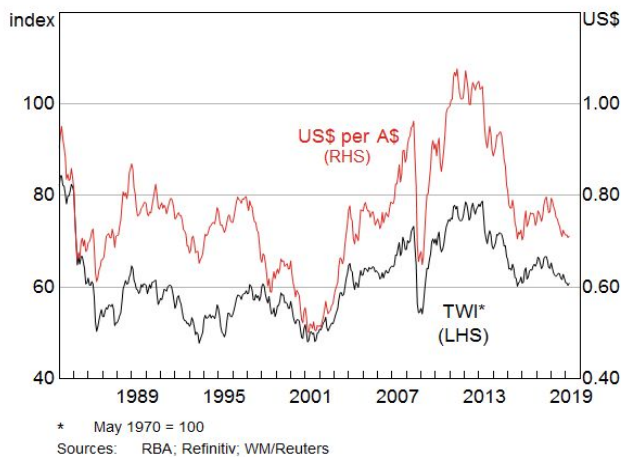
Australia’s current account deficit stems from the nation’s public / private sector outlays, trade imbalances and debt servicing commitments. Cost blowouts in the balance of payments owing to higher imports / capital outflows for offshore investments, and dividends paid to foreign-based shareholders of assets located down under weaken the domestic market and increase our external problems.



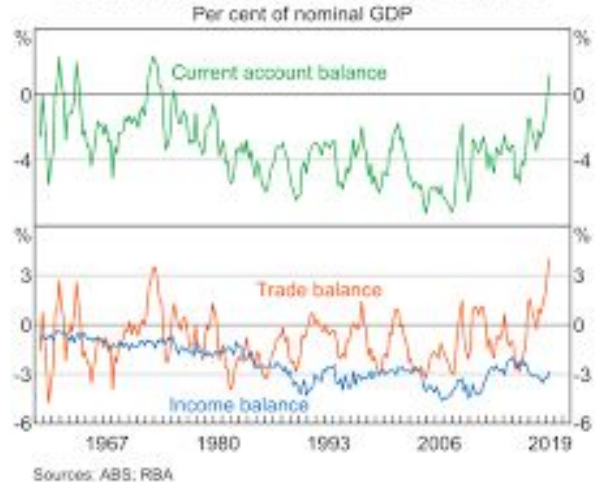
Australia: Real GDP



Australian Dollar



Australia's Current Account Balance



Dr Frank Alafaci
President, ABSC Inc.

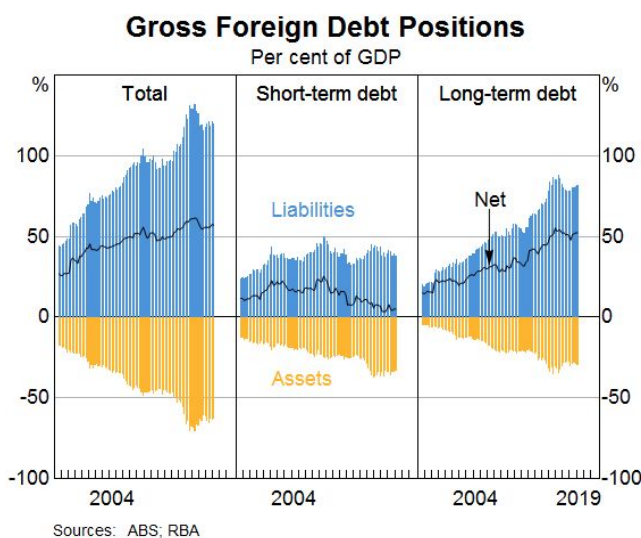
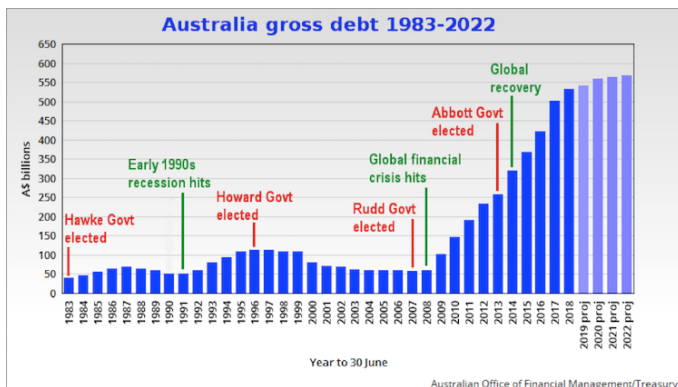
Effective fiscal management that lessens our economy’s offshore liabilities and indebtedness must restrict expenditure to per capita incomes growth and accrete domestic savings as a percentage of GDP so as to increase the money supply as well as depreciate interest

rates for payments that the state / federal governments have to make on borrowed funds. Inflation reduction and control measures will mitigate price increases of goods and services acquired by public sector institutions, freeing up tax revenue collected from businesses and households which could be diverted from debt servicing to stable infrastructure projects with lucrative returns on investment.

controls on international cash flows ought to enable interest rates to influence and determine the exchange rate and capital movements / variations for accomplishing domestic economic outcomes.

ABSC Inc. Celebrates International Women's Day

Mrs Sylvia Alafaci (Secretary, ABSC Inc.) joined the International Women's Day Luncheon with special guest Ms Lynn Yeh, the Managing Director of the Homart Group hosted by the Australia China Business Council at HLB Mann Judd in Sydney on 5th March 2020.



Stringent macroeconomic policies to achieve internal balance (lower demand-pull pressures on the economy) would return the current account deficit to surplus or near surplus via public assets status improvements over the long term from both commonwealth / state non-borrowings for recurrent expenditure and by contracting out non-core administrative functions to the private sector. Minimalist and balanced taxation measures should ensure business competitiveness, whereas deliberate



ACBC (NSW Branch) CEO, Ms Alison Airey welcomed more than one hundred VIPs and business leaders to acknowledge the progress towards social justice, gender equality and reproductive rights for women and constant struggles to end domestic violence, sexual assault and exploitation of coloured women, women with disabilities and transgender women around the world.

IWD 2020 voices the theme: I Am Generation Equality – Realising Women's Rights, aligned with Generation Equality, the United Nations'

worldwide multi-generational campaign which commemorates the twenty-fifth anniversary of the Beijing Declaration and Platform For Action Road Map to empower women, girls and women's rights defenders everywhere.



Host / ACBC (NSW Branch) CEO, Ms Alison Airey enlivened the occasion with her tribute and award of a Certificate of Achievement to Ms Lynn Yeh for her exceptional contributions to the business sector and community-at-large through the Homart Group's premium health food brands, dairy and skincare products, and financial assistance to numerous charities, including the Food Bank, Royal Flying Doctor Service and St John Ambulance Australia. Yeh's entrepreneurship featured in the federal government's recent Multicultural Statement as an outstanding immigration success story and likewise received Australian and international acclaim for six consecutive years, winning sixteen prestigious commendations on behalf of the Homart Group.



ABSC Inc. President meets Singapore High Commissioner

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) visited the High Commissioner of Singapore, His Excellency Mr Kwok Fook Seng to discuss Australian-Singaporean business ties at the Singapore High Commission in Canberra, ACT on 6th March 2020.



The ABSC Inc. president and secretary outlined the council's active efforts to promote viable openings for Australian and Singaporean businesses in South East Asia and down under.



Australia shares close economic links with Singapore – our most important trading partner in ASEAN and fifth largest overall, behind China, Japan, the United States and South Korea. Two-way commerce amounted to AUD \$32.2 billion in 2018 with goods exports to Singapore (natural gas, crude petroleum, gold, animal oils and fats) / imported goods from Singapore (edibles, computers and refined petroleum) valued at AUD \$21.4 billion, and AUD \$10.8 billion in professional, technical and financial services inflows / outflows comprised Australian exports totaling AUD \$5.1 billion / imported services from Singapore estimated at AUD \$5.7 billion.

H. E. Kwok served as the First Secretary (political) at the Singapore Permanent Mission to the United Nations from 1997 to 2000 and Deputy High Commissioner in Kuala Lumpur, Malaysia six years later until 2008. Likewise, His Excellency occupied the role of Director General of the ASEAN-Singapore National Secretariat between 2009 and 2010, and represented Singapore as the Ambassador / Permanent Representative to the World Trade Organisation prior to becoming the High Commissioner of Singapore to Australia in 2016.

Outright investment between Australia and Singapore drew Aussie investment at around AUD \$72.7 billion in 2018 (or 2.5 percent of our offshore investment portfolio) that included large Australian banks, engineering design and construction companies like Lend Lease Asia Holdings Pty Ltd and the CIMIC Group, and major logistics companies such as Toll Holdings Pty Ltd. Singapore's investment stock down under stood at AUD \$85.4 billion in 2018 (or 2.6 percent of outward Singaporean investment), featuring two principal sovereign wealth funds – Temasek Holdings Pty Ltd and

the Government of Singapore Investment Corporation (GIC), concentrated in real estate (hotels) and the tourism sector.



SAFTA (Singapore-Australia Free Trade Agreement with amendments in 2006 / 2007 / 2011 / 2017) presents fertile terrain to enhance Australian business activities in South East Asia. Under this comprehensive agreement, Aussie investors / investments enjoy the same benefits as Singaporean businesses (“national treatment”) across all investment sectors. Tariffs and restrictions on wholesale banking licenses and conditions on establishing joint ventures which involve Australian companies / financial services suppliers, including residency requirements for Australian professionals are being or have been eased / dismantled over time so as to stimulate Australian commercial engagement as well as provide unprecedented opportunities to Australian citizens living in the region. Indeed, Australian enterprises are already securing lucrative contracts with the Singaporean government in aerospace, fintech, education (VET, skills development and research), road transport, infrastructure, clean energy and water / waste technology.

Ongoing amicable negotiations towards the so-called Australia-Singapore Digital Economy Agreement (DEA) seek to ensure closer cooperation to bolster the interoperability between the e-commerce systems of both

countries. IT-related platforms would be more equipped to facilitate the best practices in artificial intelligence (AI), cross-border data sharing and electronic transmission of business documents (e-payments, e-certificates and application programming interfaces) in order to enable businesses to access information and drive exchanges within ethical and transparent governance frameworks. DEA MOUs (seven in total) should remove the barriers faced by Australian / Singaporean companies in the digital economy, enhancing knowledge and technologies to create and market innovative products and services.

ABSC Inc. President visits Indian Consul General

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) attended the Consulate General of India to discuss Australian-Indian economic links with His Excellency Mr Manish Gupta, the Consul General of India and Mr Sanjay K. Muluka, the Consul for Trade and Commerce / Head of the Chancery in Sydney on 9th March 2020.

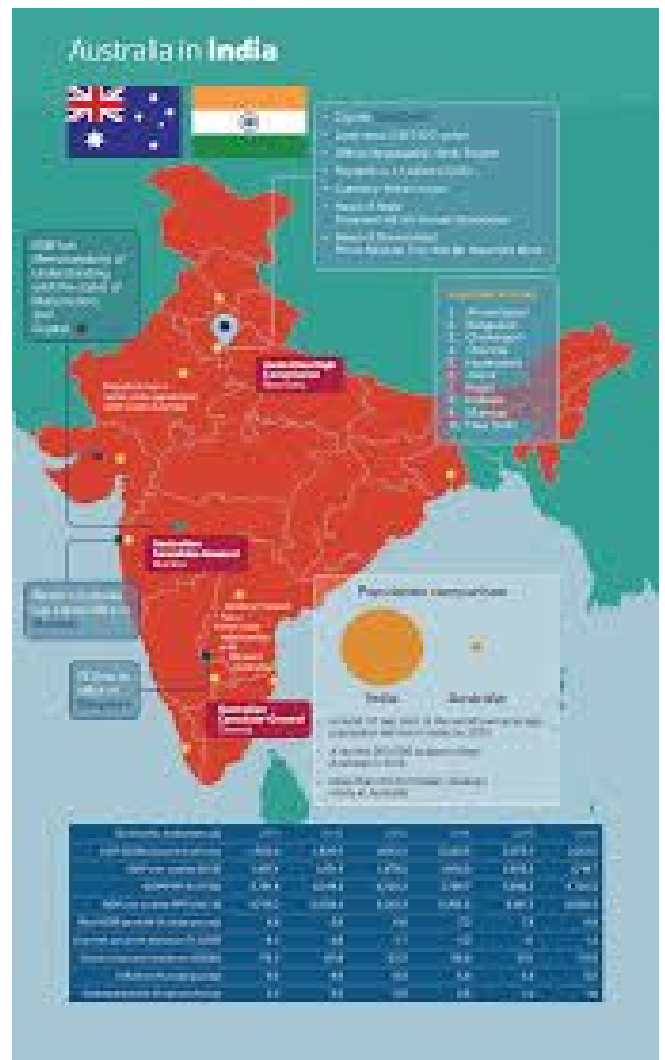


The ABSC Inc. president and secretary explored the challenges and opportunities to strengthen bilateral relations between the two

countries under our federal government's India Economic Strategy to 2035 (IES), augmenting India's status as an export destination and Australian investment in the lucrative Indian market.



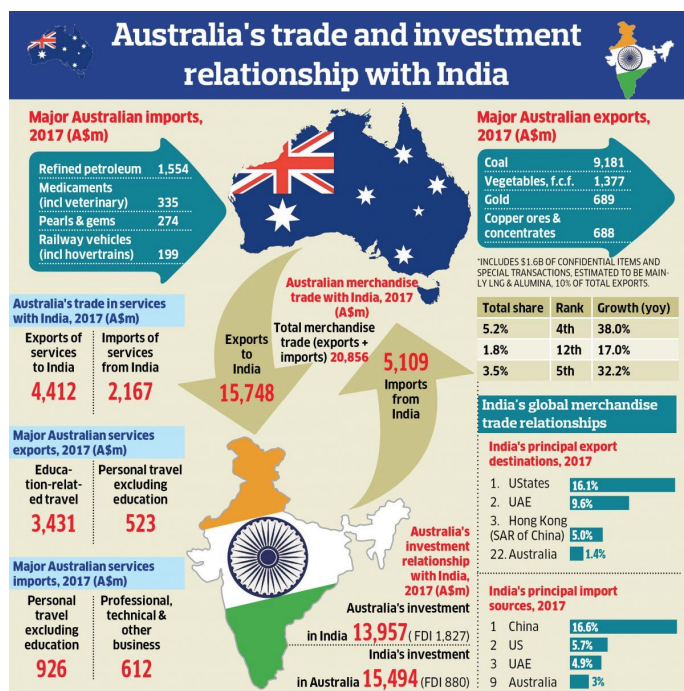
India comprises Australia's eighth largest trading partner and sixth biggest recipient of exports from down under. Bilateral inflows / outflows totaled AUD \$30.4 billion in 2018 where shipped Australian goods (natural gas, coal, gold and copper) reached AUD \$16.7 billion and services exports (primarily tourism and education) increased by 26.8 percent on the previous year to AUD \$5.6 billion, compared to Indian products and services exports to the Australian economy estimated at AUD \$8.1 billion, including medicines, (incl. veterinary), pearls and gems, railways vehicles (incl. hover trains) and refined petroleum.



Aussie investment in India is relatively small, estimated at AUD \$15.5 billion in 2018 (or 0.6 percent of total Australian investment abroad). Mining businesses like Rio Tinto Pty Ltd and the BHP Group, and construction companies such as the Snowy Mountains Engineering Corporation Pty Ltd invest *en masse* in infrastructure projects across the country. Macquarie Bank likewise attained an optimum investment portfolio to manage several toll roads networks, whilst Australian Super committed up to AUD \$1.4 billion to the Indian National Investment and Infrastructure Fund around this time. Conversely, Indian investment down under amounted to AUD \$15.1 billion in 2018 (or 4.1 percent of total Indian investments overseas), with multinational enterprises (for example, Mahindra Aerospace, Dexler and

Servion Global Solutions Pty Ltd) undertaking FDI predominantly in education, innovation, mineral resources and IT technology.

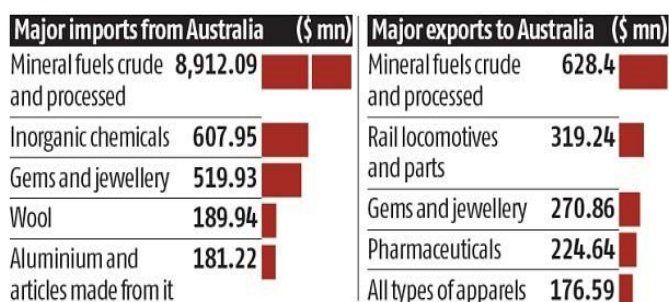
privilege Australian companies as members of the Indian-French led International Solar Alliance (ISA) which aims to promote solar investment, finance mechanisms and advances in solar energy utilisation. Moreover, India's commitment to modernise its minerals industry with its abundant natural resources should encourage Australian enterprises to export optimum minerals extraction / processing equipment, services and technology to the Indian subcontinent.



India's Prime Minister Modi proposes an ambitious economic reform scheme to transform the country's market to AUD \$7.7 trillion by 2024. Apropos this embracive blueprint, the Indian government will develop a national infrastructure pipeline calculated at AUD \$3 billion, attracting private foreign investment to improve project management capabilities with opportunities for Australian businesses to acquire related assets or contracts. Pursuant to Modi's 100 Smart Cities program / Jal Jeevan Mission (tap water available to all rural households by 2025), Australian companies are well-equipped to provide avant-garde environmental services, water transportation solutions, town planning and architectural designs, and infrastructure management.

Modi's aspirational renewable energy target (175 GW of renewable energy by 2025 / 450 GW by 2040) would enable India's immense demand for energy efficient resources to

LOOKING TO BRIDGE THE GAP



Source: Department of Commerce

Unlike ASEAN, India does not possess a Free Trade Agreement with Australia as the country stands committed to protecting its domestic market through high tariffs and quantitative restrictions on imported food and agricultural products (wheat, lentils and chickpeas) which restrict trade and investment possibilities for Australian companies. Nonetheless, the federal government holds bilateral talks / plurilateral negotiations with its Indian counterparts and international representatives as signatories to the Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA) as well as the Indo-Pacific Regional Comprehensive Partnership (RECP) designed to ameliorate commercial engagement between the Indian and Australian economies.

Saudi Consul General Welcomes ABSC Inc. President

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) were honoured to meet the Consul General of Saudi Arabia, His Excellency Mr Salman Hazza M. Almotairi for formal talks on Australian-Saudi commercial relations at the Royal Consulate General of the Kingdom of Saudi Arabia in Sydney on 16th March 2020.

The ABSC Inc. president and secretary explored concrete proposals that would augment trade and investment between our country and Saudi Arabia under the Saudi Vision 2030 plan to strengthen the Saudi market and non-oil dependent sectors.



KSA represents the thirty-fourth biggest trading partner and second largest export destination in the Middle East after the United Arab Emirates for the Australian economy. Bilateral goods exchanges totaled AUD \$1.74 billion in 2019 (dairy items, beef, sheep meat, animal feed, cosmetics, medicines, minerals extraction / processing equipment), with Australian agrifood equivalent to the tenth highest source of agricultural products imported by the Saudi Kingdom. Australian services exports matched AUD \$357 million in the same year, drawn principally from education providers and / or consultants such that native Saudi students amounted to the bulkiest Middle Eastern cohort

in our tertiary education / VET institutions, wherefore the Australian education industry constitutes the third preferred destination for enrollments from the Saudi Kingdom after the United States and Great Britain.



VISION رؤية
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



SOURCE * Saudi Deputy Crown Prince Mohammed bin Salman interview with Al Arabiya *

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Proven-sa.com

Saudi Vision 2030 encompasses large-scale infrastructure and base / precious minerals extraction / processing projects which present potential benefits to joint Australian-Saudi investment ventures. PIF (Public Investment Fund), the richest sovereign wealth fund in the Saudi Kingdom (estimated at AUD \$450 billion)

looks for international assets in gas exploration technologies and renewable energy, which attracts Australian contractors / engineering companies. Saudi-Australian cooperation in establishing regulatory standards for gas and minerals exploitation projects throughout the Saudi Kingdom and the Sultanate of Oman likewise provide significant opportunities for Saudi and Australian enterprises.



Spotlight on Homart

Overcoming adversity is what builds character and resilience.

At Homart this is what the leadership team are persevering to do in order to contribute back to our society.

As the Covid-19 situation proceeds and increased demand for medical and health

related products are mandatory, Homart is pleased to announce the company's new launches:

- Springleaf Hand sanitizers in 50ml and 500ml – All Australian made with 70% v/v; added with vitamin E and Aloe Vera;
- Springleaf Sanitiser Spray in 100ml – All Australian made with 70% v/v and added tea tree oil;
- Medical masks with CN / CE / FDA / TGA certificates;
- Surgical masks with CN / CE / FDA / TGA certificates;

Homart doesn't stop here, so stay tuned for more new products launching soon.

Established in Australia in 1992, Homart Pharmaceuticals Pty Ltd features as a market leader in Australian made health supplements, skincare and dairy products. With a portfolio of twelve brands, Homart has its own TGA certified CGMP factory in Sydney in compliance with TGA's safety regulations. Throughout the years, Homart has been awarded sixteen Australian and international awards, and was the only appointed health supplement supplier at the Australian Pavilions during the 2008 Beijing Olympic Games as well as the 2010 Shanghai World Expo and the 2016 Hangzhou G20 Summit.

Any corporations or associated partners that are interested to learn more, please email:

mtse@homart.com.au

Fact Finding;

- Located in Rydalmere with a site area of 15,000 sqm. (equivalent to two soccer fields) with UpJohn Park Heritage House

since 1885, now transformed into a museum;

- One hundred and sixty staff (approx.);
- Strong marketplace channels in Australia, China, Hong Kong, Taiwan, Macau, Korea, South East Asia and the Middle East;
- E-commerce channels in Tmall, VIP.com, JD.com, Kaola, Amazon;





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