

THE ROTATOR

Official Newsletter of The ABSC Incorporated

 **ABSC**

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Editor - Dr Frank Alafaci
Co-editor - Mrs Sylvia Alafaci



EDITORIAL

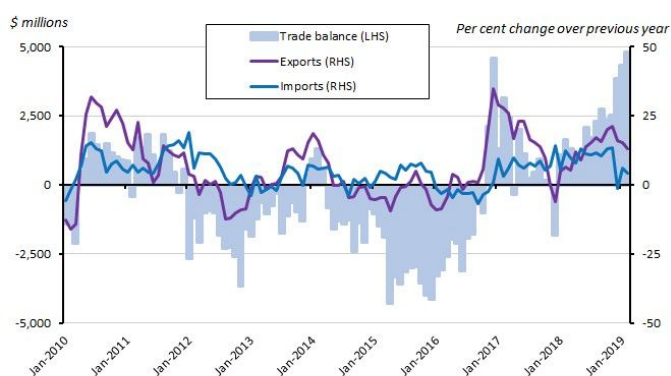
Welcome to the fourth edition of the ABSC Inc. Newsletter.

The future of economic growth in Australia is linked to the nation's trade performance. Our capital inflow plays an important role in the money supply, interest rate patterns, public expenditure and private investment levels. Save for the economy's comparative advantage in industries that utilize capital, skilled labour and natural resources, Australia would have serious problems meeting its payments for imports purchased by Australians. Moreover, the terms of trade relative to other markets comparable in size to ours is less than what would be expected since we export large quantities of primary goods which in turn are vulnerable to long-term price depreciations owing to boosts in world percentage incomes and structural pressures on the Australian economy.

Our aberrant balance of payments needs emphasis to be placed on upgrading the specialised workforce and high-end technology in the resource development industries (iron ore, uranium and other minerals) that would

require major planning and investment too. Australian exporters in the services sectors possess notable experience in infrastructure design, building construction regulation and management to act as a counterweight to the manufactured trade goods deficit, pitching to the industrialised nations in the South-East Asian region which offer project management contracts on substantial infrastructure projects in order to keep abreast with rapid economic progress.

Australia: Trade balance



Source: Bloomberg and ABS

Wage rises and inflation must be restrained to the comparable levels of our trading partners to ensure that Australian businesses do not find it hard to compete on foreign markets. Adding to salary gaps and inflationary strains through higher interest rates encourages more imports of manufactured goods and services from countries with lower personal incomes and

other costs, which forces businesses to produce or relocate offshore and obtain loans from international sources to avoid borrowing funds from Australian financial institutions at rates superior to those in other economies.

especially for most small and medium-sized enterprises (SMEs) which face considerable impediments (risk perceptions, absence of capital and market information, and offshore representation). Australian government efforts would likewise require initiatives to address persistent tariff and non-tariff related access barriers in international markets which offer significant growth potential for our nation's trade.

Dr Frank Alafaci
President, ABSC Inc.

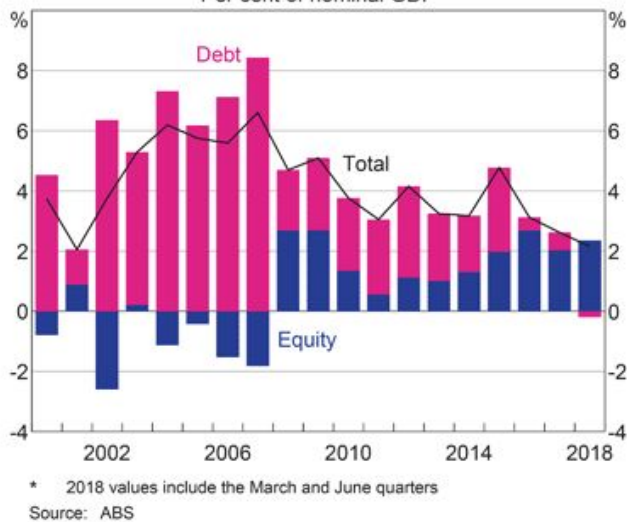
Startups and Entrepreneurship

The impact of entrepreneurship on a nation's economy cannot be overstated. Imbued with this entrepreneurial spirit, startup businesses are important drivers of economic progress. Most economists, in fact, like to denote these business starters as so-called "opportunistic" entrepreneurs who set up their businesses in clear response to specific market needs and expectations that augment national productivity and development.

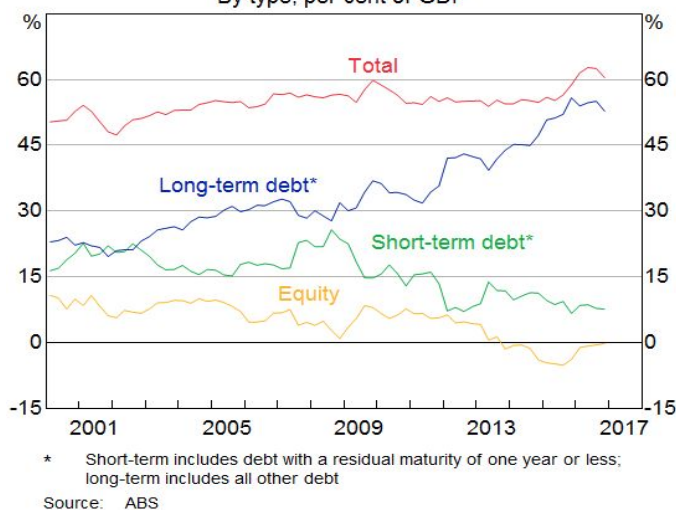


Unlike existing businesses, which may remain confined to current markets, new improved activities by entrepreneurs allow the quick development of unprecedented sectors and wealth generation. Innovative products or services from startup businesses can create higher levels of diversified employment and also spawn related businesses or markets that support the emergent enterprises, adding to further economic development. In this sense,

Net Capital Inflow*
Per cent of nominal GDP



Net Foreign Liabilities
By type, per cent of GDP



Trade competitiveness looks to impetus from our governments' needful commitment to macroeconomic management, taxation and microeconomic reform to relieve exporters from the burdensome effects of the indirect tax system. Export facilitation programs are also necessary so as to augment Australian export performance as an essential component of GDP per capita (and reducing unemployment),

the concomitant effects of higher employment and increased earnings enhance the national income as additional tax revenue and stimulate government spending in human capital and in alternative industries which experience financial difficulties.



Startup businesses (and expanding ventures) comprise the paramount sources of innovation in an economy, promoting an improvement in living standards for all. Even so, it is essential to appreciate that such entrepreneurship and innovation are dependent on an unfettered modus operandi and participation in disparate markets. Business-starters must have recourse to fair playing, equitable opportunities in order to be competitive with innovative ideas and solutions. Leaders in government circles and public officials need to engender the suitable socio-economic as well as demographic and geographical preconditions which serve to allow potential entrepreneurs to start businesses in an economic ambience where these would-be commercial ventures are able to develop and proliferate.



BENEFITS OF BEING AN ENTREPRENEUR



Advanced progress in technology has made it possible for startup businesses to expand into global markets. Entrepreneur-led businesses export products and services to nearby regions, contributing to international productivity and revenues. Regional and international trade as well as foreign direct investment (FDI) in infrastructure and transportation strengthens developing extraterritorial markets within an increasingly globalized network. Furthermore, this progressive globalization of technological knowledge induces entrepreneurs in lesser industrialised markets to draw on similar tools and strategies as their offshore competitors in well-to-do countries such that the obvious advantages of lower living costs and other expenses enables these entrepreneurs to compete against the incoming products and services available to them from wealthier economic environments.



ASEAN Australia Free Trade Agreements – A Panel Discussion

Dr Frank Alafaci (President, ABSC Inc.) and the ABSC Inc. Board of Directors attended an exclusive panel discussion on the ASEAN Australia Free Trade Agreements at Dentons Law Firm in Sydney on 17th June 2019. Co-hosted by four Australian ASEAN councils from the Indonesian, Filipino, Malaysian and Thai business communities, this exceptional forum included several illustrious contributors who addressed the impact, opportunities and challenges pursuant to free trade agreements (FTAs) and economic partnership agreements (EPAs) between Australia and the ASEAN region. Mr Leah Soh, (Vice President, AMBC Inc.) moderated this remarkable discussion on regional trade and investment, international law and South-East Asian economic affairs.



Over eighty business leaders, academics and industry professionals listened to the keynote speaker Mr Chakkrid Krachaiwong (Consul General, Royal Thai Consulate General in Sydney) commend the numerous trade and investment benefits across all sectors in ASEAN, although the economic relationship between Australia and the ASEAN member nations are somewhat hampered due to the comparative shortage of Australian businesses

engaging in the South-East Asian markets. Headline contributor, Ms Caroline McCarthy (Assistant Secretary, FTA for Investment and Digital Trade) explained the benefits of FTAs (and EPAs) with ASEAN countries and the strategies for maintaining and leveraging these agreements to promote trade and investment opportunities for Australian companies present in the ASEAN economies. Outlining FTAs (and EPAs) from an intuitive diplomatic standpoint, Dr Ranitya Kusumadewi (Deputy Director of ASEAN Negotiations, Indonesian Ministry of Trade), reviewed the considerable multilateral efforts to abrogate the present trade barriers and legal as well as regulatory obstacles to regional and international trade and foreign direct investment (FDA) in underdeveloped South-East Asian economies.



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On FTA (and EPA) risk factors, Dr Sandra Seno-Alday (Professor, South-East Asian Centre, University of Sydney) observed that Australian businesses are more willing to seek engagement with older traditional markets (USA, Britain, New Zealand and Canada) which is attributable to insufficient knowledge or misinformation about these agreements with South East-Asian member states. Pursuant to an academic legalistic perspective, Professor of International Law, Dr Chester Brown (Law School, University of Sydney) commented on the means for addressing trade and investment claims and grievances through investor state dispute resolutions and mechanisms against host countries in FTAs (and EPAs) with ISD provisions, especially in regards to the ASEAN countries, as compared to other regional and international free trade agreements and economic partnership agreements.

South-East Asia meets the region's increasing demand for premium food, retail and wholesale products, specialised services, infrastructure projects and innovative technologies such as sustainable urban planning, water provision measures and pollution mitigation controls. Joint ventures with ASEAN companies that require effective contract management, smart city building design, engineering construction, and state-of-the-art digital Fintech solutions enable Australian businesses to relocate into developing South-East Asian markets and utilise superior technological knowledge and cheaper intensive labour in their overseas activities. Australian businesses are hence equipped to penetrate the ASEAN community as intensive engagement with these lucrative and sophisticated South-East Asian economies seems likely to promote numerous trade and investment opportunities.



Image: ASEAN

FTAS (and EPAs) with the ASEAN economic grouping offer immense potential capabilities for Australian businesses. Mr Gary Dawes (Manager of International Business, NSW Business Chamber) recognised that free trade and investment between the parties to these agreements bolster the competitive advantage of Australian exports and, in turn, enhance foreign direct investment in the Australian economy. Australian exports (mineral sources, energy products and METS services) into





Under Mr Sam Zhu's astute leadership, FASC promotes local business networking, trade and investment opportunities, social work services, philanthropic efforts and volunteering programs to enhance mutual friendship and harmony with other communities towards the progressive betterment of our rich and diverse multicultural heritage.



As the ABSC Inc. president, Dr Frank Alafaci complimented the Governing Council of the Federation of the Australian Shenzhen Community on its election to a second term on behalf of the Board of Directors of the Australian Business Summit Council Inc. in a written congratulatory message for inclusion in the official FASC souvenir publication to commemorate the event.

ABSC Inc. as VIP Guests at FASC ceremony

Dr Frank Alafaci (President, ABSC Inc.), Ms Hong Huang (Vice President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) joined more than four hundred VIPs and guests at the Inaugural Ceremony of the Second Term of the Governing Council of the Federation of the Australian Shenzhen Community held at the King Dynasty Restaurant in Chatswood, NSW on 22nd June 2019.

FASC is an active peak, non-profit community organisation split into nine sub divisions located in New South Wales, Queensland and Western Australia, which serves the social, cultural, and economic values and interests of people from the city of Shenzhen (Guangdong province), China.



ABSC Inc. President meets Filipino Ambassador

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) visited Her Excellency Ma. Hellen De La Vega to discuss Filipino-Australian economic ties at the Embassy of the Republic of the Philippines in Canberra, ACT on 24th June 2019. As the Ambassador Extraordinary and Plenipotentiary to Australia since last year, Ma. De La Vega welcomed the ABSC Inc.'s commitment to promote the trade and investment relationship between our nation and the Philippines.

Befittingly, the ABSC Inc. president (and secretary) outlined the avenues for enhancing cooperation in infrastructure development and public / private partnerships (PPPs) through active knowledge exchanges and information programs on contract management and project implementation in order to improve public / private partnerships probity processes in the Philippines.

Australian businesses are well placed to offer innovative services in the food production / beverage industries and technological solutions for ameliorating the management systems, international supply processes and large-scale commercialisation of local agriproducts and packaged foodstuffs from the Philippines. Meeting Filipino middle class consumer trends and preferences would also entice Australian companies to provide higher value products, specialised infrastructure and environmental platforms and digital financial solutions to accelerate the development of the Philippines' economy.



As the predetermined conduit for attracting investment in the manufacturing and services industries, MIDA seeks to design incentive packages that meet individual investor needs. Under the Malaysian Industrial Development Authority Act (1967), MIDA stands as an independent statutory body which permits the organisation to accord special pioneer status, post-pioneer status and servicing enticements for certified target investments, as well as allowances, grants, deductions, and conditional loans to encourage fledgling industries.



Eid al-Fitr 2019 at the Malaysian Consulate

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) celebrated the end of Ramadan, the Holy Islamic month of fasting (sawm), at a special reception co-hosted by the Malaysian Consul General and the Malaysian Investment Development Authority at the Consulate General of Malaysia in Bellevue Hill, NSW on 26th June 2019.

Underpinning Malaysia's accelerated industrial development, MIDA draws extensively on the organisation's significant authority to "act" independently in order to influence official government policies and negotiate financial incentives, implement sectoral programs and attract investment-related commercial ventures from the international community.

MIDA is an official Malaysian government sponsored agency that adopts a coherent, coordinated approach to trade and foreign investment attraction among all industries. Utilising twenty-four offices offshore to promote trade and investments or lobby businesses to upgrade and diversify, MIDA serves as the established outlet for information on trade and investment opportunities and processes from which overseas-based investors are able to obtain approvals on appropriate investments and investment-related tax packages.





Contact Us

Address :

Suite 908, Level 9/250 Pitt St Sydney NSW 2000 Australia

Phone :

+61 2 80035053

Email :

secretary@absc.online

Website :

www.absc.online