

THE ROTATOR

Official Newsletter of The ABSC Incorporated



October, 2019

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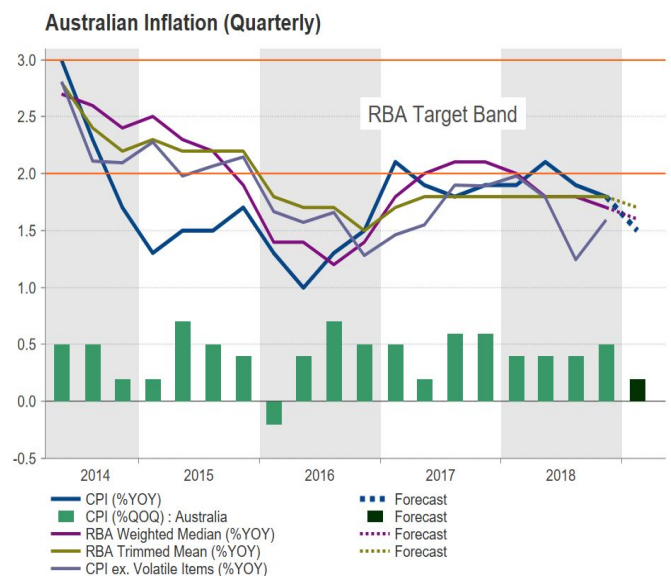
EDITORIAL

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

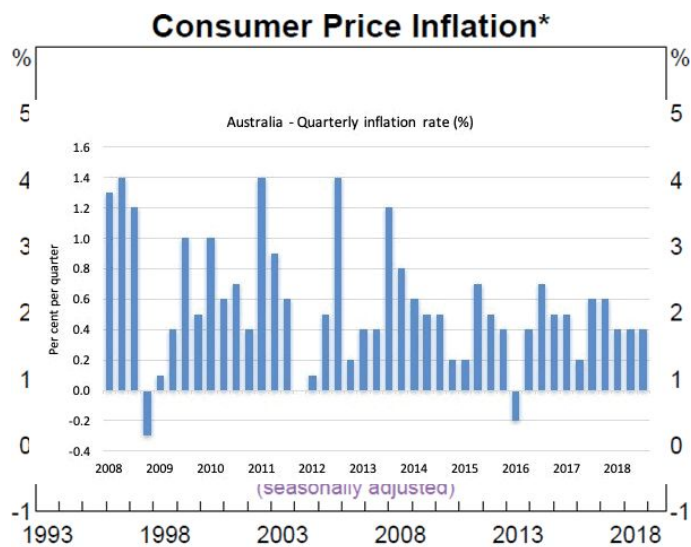
Inflation refers to the decline in the value of money to acquire goods and services, or an increase in the general cost of living standards determined by a reduction in real wages or the purchasing power of incomes. Ascribed to the rapid growth in the supply of currency and credit without a corresponding increment of goods and services in connection with high government expenditures, the negative effects of this phenomenon are especially severe for persons on fixed incomes, retired individuals, and creditors with long-term obligations (as expressed in net terms of invariable cash payments) reeling from the diminution in value of their accumulated savings, superannuation benefits and property earnings.

Market uncertainties caused by inflation lead to serious problems for both governments and businesses in budgeting labour costs and confronting the detrimental impact on industrial relations of recurring distortions in income relativities. Dwindling confidence in the weak economy impairs the structural patterns of

resource allocation which, in turn, engenders business investment in undue speculative and non-productive ventures (and substitution of less liquid assets such as real estate and industrial shares) whose prices are inclined to appreciate in concomitance with the general level of prices for bank deposits owing to expectations of higher incomes from dividends or earnings and / or capital gains. Increased costs in the internal market measured against the expenditure of production endured by overseas competitors erodes the national economy's overall international performance, enhancing extraterritorial businesses with a competitive advantage in the homegrown economic environment where imported goods and services will be by comparison less expensive.

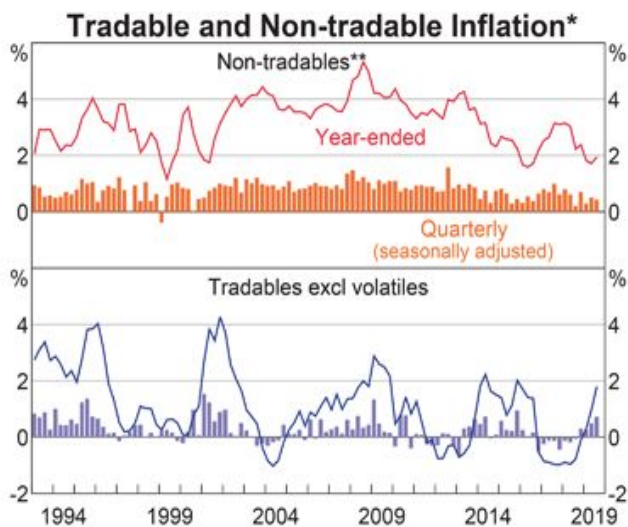


Source: Thomson Reuters Datastream



* Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999–2000

Sources: ABS; RBA



* Adjusted for the tax changes of 1999–2000

** Excludes interest charges and indirect deposit & loan facilities

Sources: ABS; RBA

Direct interventionist controls on prices and incomes (and partial indexation of taxation scales) to return the rate of increase in wages and other incomes to levels comparable with stable prices and productivity increases will artificially debilitate the natural allocation or distribution of resources to the substantial disadvantage of real incomes and productivity. Inflation figures in Australia indicate that our governments should avoid excessive pull for goods and services, and unrealistic wage increases and distortions in relativities beyond recommended levels under normal economic

conditions. Competition policies would instead minimise unwarranted impositions on wage earners burdened with lagging increases in their incomes and productive sectors of the economy compelled to augment consumer prices of their products and services to meet the unpalatable requirements of enhanced production costs.



Overcoming inflation is predicated upon the adoption of comprehensive government policies which resuscitate much needed confidence in the prospects for economic growth. Stable fiscal measures would arrest the progressive downturn in market conditions by softening inflationary pressures to encourage renewed investment in productive capital and labour productivity, and domestic and international price competitiveness, moderation in employee wage rises and incentives for enhancing job creation. Fundamentally, the achievement of low inflation comes from preventing increments in the general cost of living standards through legitimate depreciations of the exchange rate and reductions in interest rates as well as long-term sustainable elevated performance levels of domestic businesses and industries relative to our extraterritorial competitors.

Dr Frank Alafaci
President, ABSC Inc.

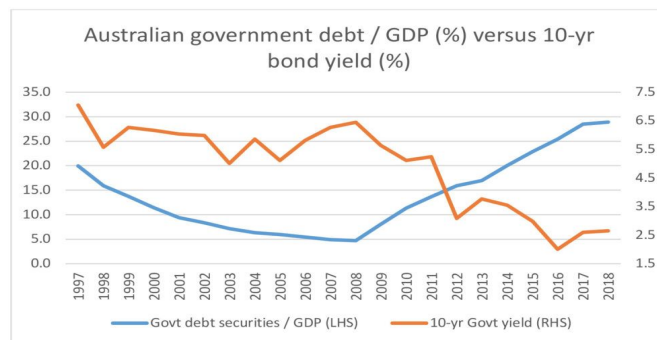
Foreign Capital and Equity

Foreign capital investment in Australia raises serious concerns about our growing reliance on non-Australian multinational enterprises which operate in the domestic Australian economy. Increased financial obligations to overseas vested interests from external liabilities due to substantial borrowings from abroad by both public and private sector companies and Australian share purchases (equities) coming from international businesses with capital outflows as profits and dividends via returns payable minus equivalent forms of overseas Australian investment adds significant pressure to the income side of our current account balance sheet.



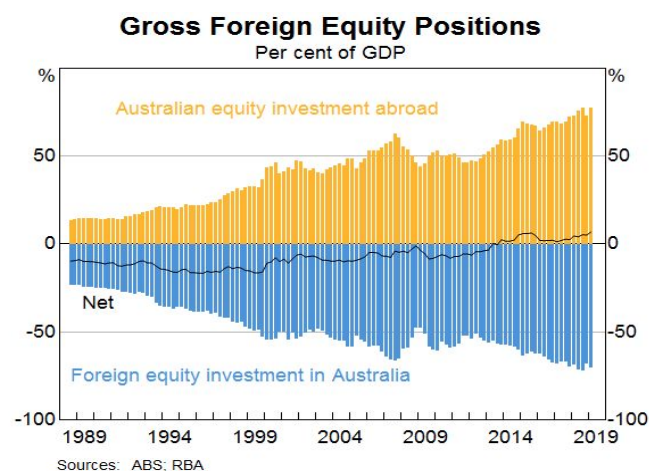
Intensive foreign ownership and control of Australian resources determines the pace at which our economic growth is sustainable, leaving the national economy vulnerable to adverse movements in international markets where external shocks (socio-political crises, economic downturns, and recessions) in countries with substantial assets down under will reduce future investment levels in the domestic market. Multinational corporations with subsidiaries embedded in our shores would be able to transfer their profits to more favourable offshore economies which have

lower tax rates and other related comparative advantages, without contributing to the utilised social overhead capital in the Australian economy.



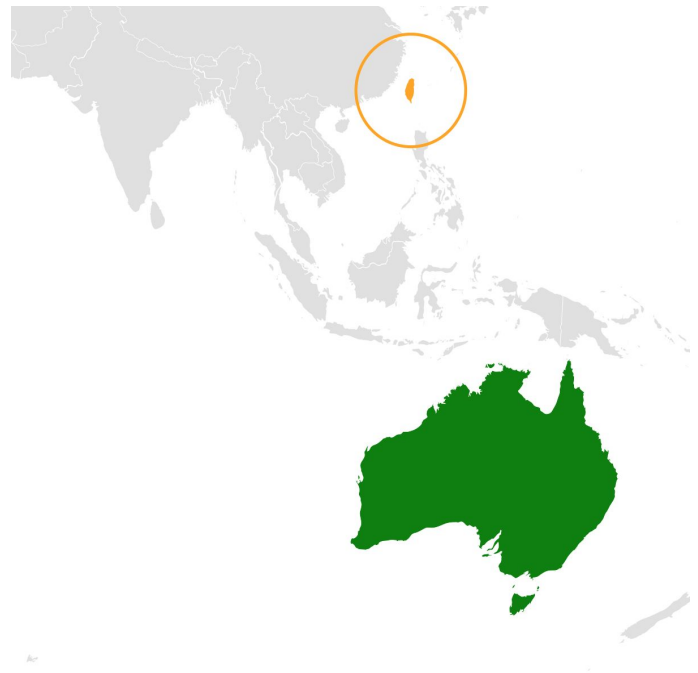
Source: AOFM, Quay Global Investors, Investing.com

Unstable current account deficits reveal our strong subservience to foreign capital inflows and overseas confidence in the Australian economy which can be undermined if our international debt levels (especially government borrowings) are too high or if debt-servicing (interest payments plus return of profits) results in annual outflows of domestic capital superior to extraterritorial capital inflows. Addressing our long-term balance of payments conundrum requires the domestic market to: (i) enhance the inflows of private investment from abroad at a higher rate than the increase of capital outflows; (ii) increment export earnings more rapidly than import payments, or; (iii) utilise foreign capital to establish import replacement industries within our economic environment.



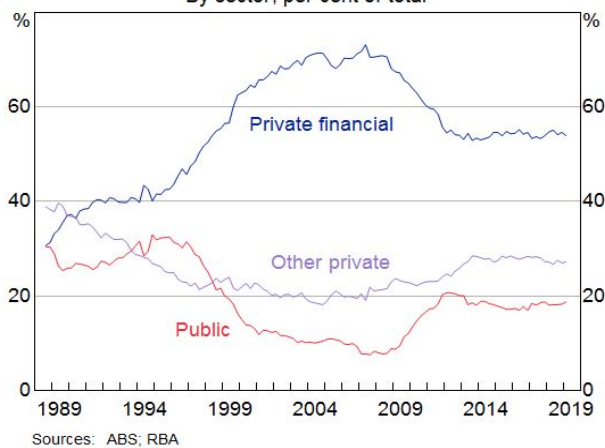
Inarguably, our governments must provide tax concessions to exporters or stimulate export industries with public investment capital, and encourage producers to search out untapped international markets. Foreign ownership and control over Australian natural resources also necessitates legislative considerations about whether our elected representatives should compel multinational enterprises to accept Australian equity participation in international subsidiaries which operate in our domestic market.

Coure MP (NSW Member for Oatley / Assistant Speaker of the New South Wales Legislative Assembly).



Gross Foreign Debt Liabilities

By sector, per cent of total



ABSC Inc. at the 108th National Day of Taiwan Official Reception

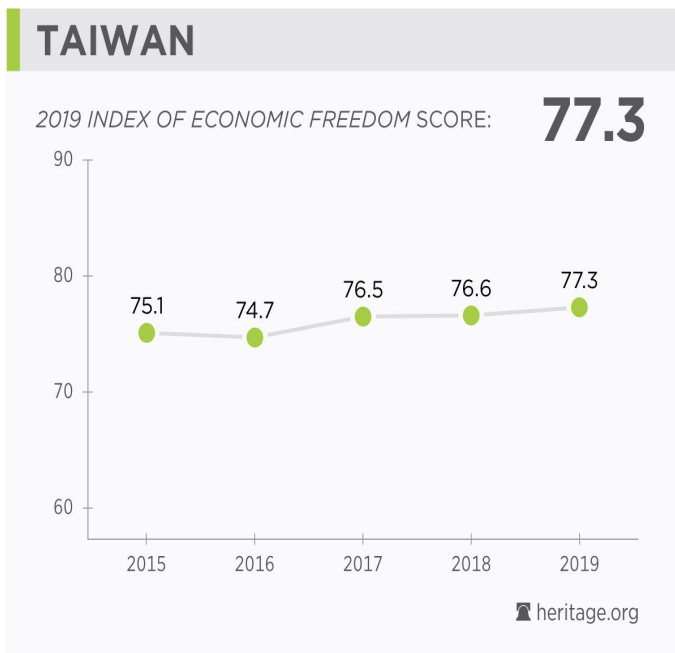
Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) attended the exclusive Official Reception to commemorate the 108th National Day of the Republic of China (Taiwan) at New South Wales Parliament House on 9th October 2019.

Over two hundred and fifty VIPs and guests convened for the special occasion, drawing remarks from Ms Constance Wang, Director General of the Taipei Economic and Cultural Office, and other distinguished representatives, including the Hon. Dr Geoff Lee MP (NSW Member for Parramatta) and the Hon. Mark



Director General Wang outlined the amicable economic and cultural ties between Australia and Taiwan, commenting on the lucrative trade and investment opportunities for both nations and excellent people-to-people contacts from tourism-related travel, academic exchanges and working-holiday maker schemes, despite our governments' "One China" policy which does not recognise Taiwan as a sovereign country nor its elected authorities as a national government.

Taiwan comprises an open and transparent nation to mutually engage in business, ranking thirteenth out of one hundred and ninety economies in the World Bank's Ease of Doing Business Index (2017). Importantly, the country represents our economy's sixth largest export market, worth AUD \$10.6 billion in 2018 (up by 19 percent year-on-year), featuring coal, iron ore, natural gas, copper and aluminum as major exports, and agricultural and lifestyle items (especially meat, wheat, dairy products, beverages and health supplements). Domestic imports from Taiwan, moreover, totaled AUD \$5 billion in 2018, including high-tech computers, IT telecommunications equipment and parts, refined petroleum, and bicycles / motorcycles.



Taiwan-Australia foreign direct investment in the banking sector and resource projects is steadily increasing between the two countries. Australian investment in Taiwan equaled AUD \$10.2 billion in 2018, involving the Macquarie Group Limited's (MGL) prominent role in the development of Taiwan's first two offshore wind energy production plants. Conversely, Taiwan's

investment in the Australian market, reaching AUD \$9.6 billion in 2018, focussed mostly on the FMI-led Iron Bridge project, to which Formosa Steel contributed the country's largest single investment down under (amounting to AUD \$1.2 billion).

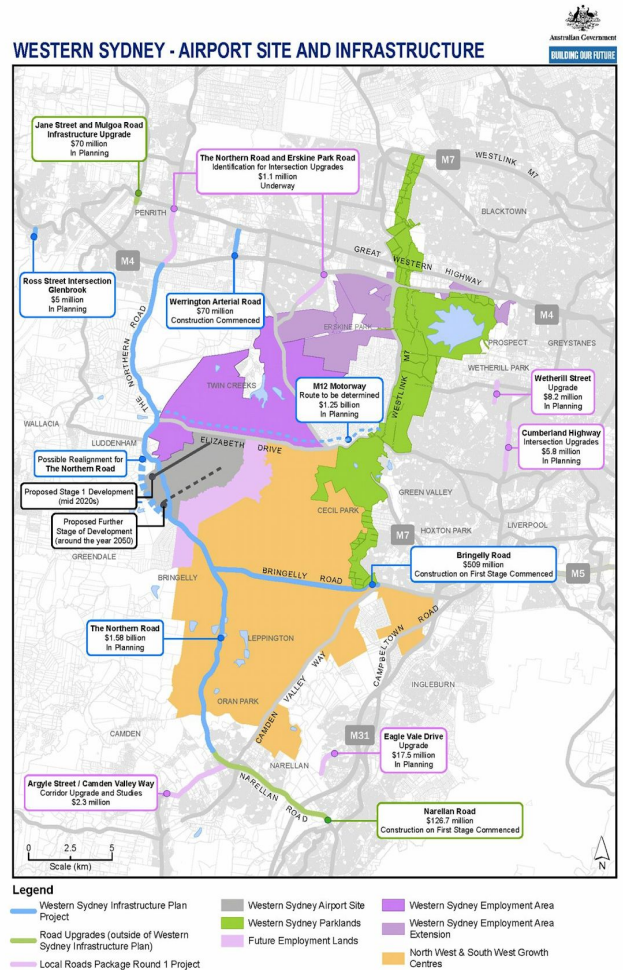


MGSM Second Global Speaker Event

Dr Frank Alafaci (President, ABSC Inc.) and Mrs Sylvia Alafaci (Secretary, ABSC Inc.) with Mr Vahe' Hamparian (Treasurer, ABSC Inc.) joined more than one hundred guests and former students of Macquarie University at the Second Global Speaker Event hosted by the Macquarie Graduate School of Management (MGSM) at the Macquarie CBD Campus, Sydney on 10th October 2019.



Taiwan and Australia hold annual bilateral meetings at the behest of both countries' governments to promote stronger economic relations, especially market accessibility, FDI, deregulation in telecommunications, financial services and agriculture. Both countries also participate in Joint Energy and Minerals, Trade and Investment Cooperation (JEMTIC) consultations and agricultural working group discussions in order to improve trade and investment. "New Southbound Policy", the long-term Taiwanese plan to bolster outbound commerce and foreign direct investment collaboration, including extensive institutional, professional and academic engagement with ASEAN and South-East Asia as well as with our country and New Zealand contributes significantly to promoting Australian-Taiwanese social-cultural / political and commercial relationships.



As CEO of Western Sydney Airport Co., Mr Graham Millet, the event's keynote speaker, delivered an address on his professional experience in the IT and aviation industries, and his current role to oversee the design, planning, construction work and operational readiness of the AUD \$5.3 billion worth Commonwealth-funded infrastructure project which will lead to Sydney's first full-service international airport in 2026.



Qantas Airways (2000-2009), Millet directed the AUD \$3.8 billion property portfolio and AUD \$6.5 million procurement budgets to complete Sydney and Melbourne Domestic Airports' terminal redevelopment (AUD \$425 million and AUD \$350 million respectively), as well as Canberra Airport's terminal upgrade (AUD \$55 million) and Hangar 3's purchase at Brisbane Domestic Airport (AUD \$ 78 million). Likewise, Millet supervised the acquisition of sixty-five Boeing 787 aircraft plus options (AUD \$12 billion), with key responsibilities such as the issuance of tenders, negotiations with airframe manufacturers, engine manufacturers and other suppliers (IFE and Avionics). Heading the Project Office at Australia's biggest airline company, Millet also completed the AUD \$22 million award-winning first-class lounge at Sydney International Airport terminal and similar prestigious airport lounges across the global network.



Millet's acclaimed curriculum vitae features senior executive positions at national and international business organisations, including the National Broadband Network, where he managed complex property portfolios and procurement. As Group General Manager at





twenty-minute question and answer (Q & A) session with the numerous members of the audience.



Western Sydney Airport's elite state-of-the-art facilities are anticipated to comprise one thousand seven hundred and eighty hectares (double the capacity of Sydney International Airport), with a 3.7 kilometre runway to handle the full range of commercial aircraft; one domestic and international passenger terminal so as to ensure seamless transits, including international, domestic and freight services; modular terminal and freight provisions to grow with demand without disruption; and two hundred hectares for an on-airport business park.

ABSC Inc. President as Speaker at the 2019 AAAA International Convention

Dr Frank Alafaci (President, ABSC Inc.) appeared as a keynote speaker at the plenary session of the 2019 Ateneo Alumni Association of Australia (AAAA) International Convention with eminent delegates from eight prestigious Jesuit-run higher education institutions in the Philippines at the Pullman Sydney Hyde Park Hotel, Sydney on 25th- 27th October 2019.

Over seventy VIPs and members of the local and international Filipino diaspora listened to the ABSC Inc. president's speech about "Doing Business in Australia", focussing especially on Australian-Filipino trade, banking, finance and investment opportunities, with an informative



AAAA started in 1995 under the leadership of Mr Cesar Bigornia, a law school graduate and current businessman, with formal recognition by the-then Filipino Consul General in Sydney and Ateneo de Manila University alumnus Ariel Abadulla during the latter's official visit to Australia. Boasting illustrious academics and former Jesuit school students as members, the alumni group promotes the spirit of Ignatian education and community involvement among the Australian Filipino network and mainstream Australian society.



the Anzac Day (April 25th) parade in Sydney's city streets to commemorate fallen Ateneans in the Second World War.



Ateneo alumni founded a scholarship program in 2010 (led by the incumbent AAAA president, Mr Atty “Mike” Alvarez) to enable gifted, indigent high school and college students to attend Filipino Jesuit-administered educational institutions. Several members also promoted the Gawad Kalinga 777 Project from 2011 to raise the first AUD \$1,500 in order to provide supplies for at least one house for a poor Filipino family, and contribute relief goods to typhoon victims in the Philippines, including financial donations to the disaster projects sponsored by the NSW Philippines Community Council (PCC).

Alumni stalwarts co-hosted Filipino dignitaries like the Tourism Secretary, Richard “Dick” Juico Gordon, and the Industry Secretary, Domingo Quiazon on state-sponsored trips to Australia, partaking likewise in the “Clean Up Australia Day” activities and the Blacktown City Festival parade, as well as marching with distinction alongside other former and serving personnel from the Filipino and Australian armed forces at

ABSC Inc. President at the Fujian-Australian Economic and Trade Symposium

Dr Frank Alafaci (President, ABSC Inc.) joined some thirty prominent Chinese and Australian business leaders at the Fujian-Australian Economic and Trade Symposium organised by the Australia China Economics, Trade and Culture Association, featuring Madame Guo Ningying, Deputy Governor of Fujian Province in the Peoples' Republic of China with an official Chinese delegation at the Bank of China, Sydney on 27th October 2019.



As an adjunct invited speaker at the exclusive conference, the ABSC Inc. president addressed the economic links between Australia and Fujian province, with bilateral trade totaling USD \$7.01 billion in 2019 (increasing by 29.5 percent over the previous year). Australia represents Fujian province's largest source of FDI growth from Oceania (with five hundred and forty three Australian-invested projects), valued at USD \$420 million in real terms in 2019. Contrariwise, Fujian province's estimated investment stock down under amounts to USD \$510 million per annum (including fifty-eight Australian-based multinational enterprises) in mineral resources, and agricultural products,

electronics, petrochemicals and high-end machinery.

ABSC Inc. President Alafaci proposed that Australia and Fujian province should enter into long-term extensive strategic agreements to increase lucrative two-way commercial ties, exploiting the 2014 Australia-China Free Trade Agreement via regular trade and investment missions (to and from both destinations) which target Chinese / Australian government and business stakeholders in order to delineate concrete initiatives for enhanced cooperation and knowledge-sharing in mutually beneficial economic sectors.



Australian-Fujian province collaboration would ideally undertake to (i) enhance premium food and beverage imports from Fujian province by providing Australian producers with privileged access to the multi-billion dollar growing Chinese market; (ii) promote agreements with stock exchange-listed hypermarkets in Fujian province, especially the Yonghui superstores, administered in Fuzhou, the capital of Fujian province (numbering thirty-five retail outlets across seventeen provinces in the Chinese market) through Australian-sponsored missions from Fujian province to facilitate on-site visits, business synchronicities and negotiations for exporting Australian agricultural products to Fujian province; (iii) stimulate investment in

Australian wine tourism by means of Chinese travel services active in Fujian province with relevant assistance from the Fujian Tourism Administrative Office; (iv) encourage potential investment from Fujian province in Australian infrastructure, assiduously targeting lucrative business opportunities to multinational Chinese enterprises, and: (v) coordinate with airline, retail, wholesale and online travel partners to undertake joint marketing activities in Fujian province so as to showcase iconic Australian landmarks and events to increase tourist visitations from the province.

Spotlight on The iQ Group Global

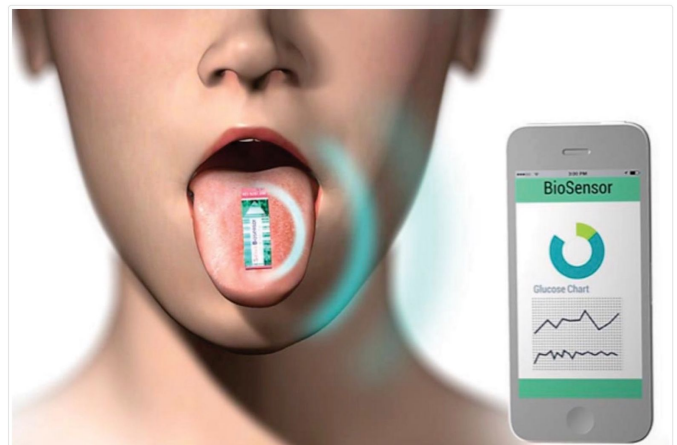
The iQ Group Global is an elite consortium of businesses, ranked fifth in Australia for its innovation and enterprise model which aims to identify, sponsor, and transform bioscience discoveries from national and international institutions into life-changing medical products and services worldwide.



At the forefront in financial, biotechnological and pharmaceuticals sectors (with four offices in Sydney, New York, London and Shanghai), the iQ Group Global assists large healthcare companies to utilise corporate structures and economic instruments to create commercial value for innovative scientific milestones and efficacious pathways designed to bring these developments to the people who require them.



Indeed, the iQ Group Global provides corporate advisory and investment banking services all the way through to research development, commercialisation and pharmaceuticals sales in order to improve the drug development life cycle and enable its clientele to merge their intellectual property with the consortium's capital resources and expertise.



Besides its assets and intellectual property portfolio, the iQ Group Global has been evaluating a new cancer compound and an avant-garde saliva biosensor for testing glucose levels to replace the current finger pricking glucose measurement devices, which would relieve four hundred and fifty million people affected by diabetes around the world from painful and invasive blood monitoring procedures.



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