



Emerging export opportunities in China beyond the resource sector

Presentation to Conference Abrupt Change in China's Energy Path
26 June 2014

Prof. Bruce Rasmussen
Director
Victoria Institute for Strategic Economic Studies

VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES



Presentation Outline

Export opportunities

- Services
 - Beyond education and tourism
- Manufactured goods
 - Especially food
- New technologies
 - Including clean technologies

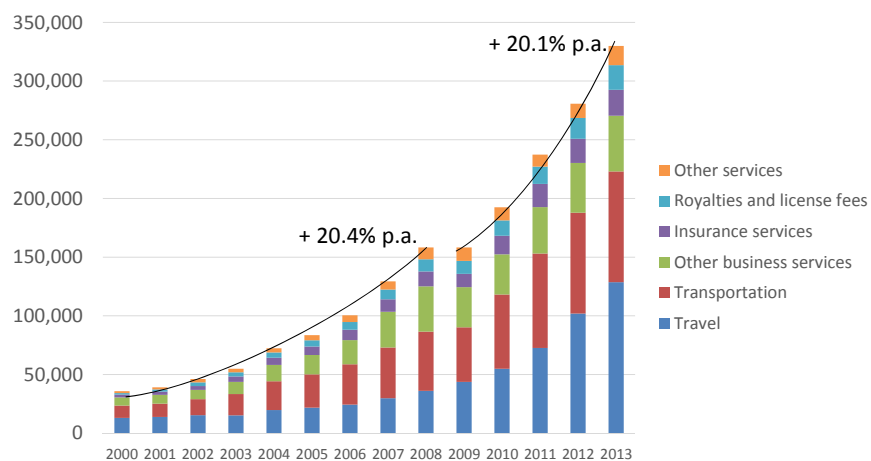
VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

2

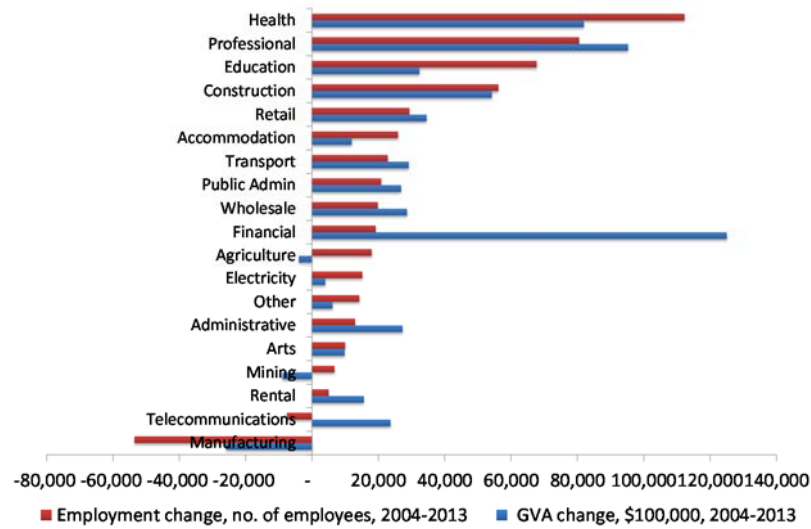
China Context

- Chinese economy is moving to a new stage of development.
- Shifting from:
 - Fixed assets economy to consumption and services economy
 - Low technology manufacturing to increasingly advanced technology
 - From fossil fuel generation to cleaner technologies
- Implications
 - Strong demand for sophisticated services
 - Increasing demand for food
 - High demand for advanced technologies

Components of China's services imports, 2000-2013, US \$billion



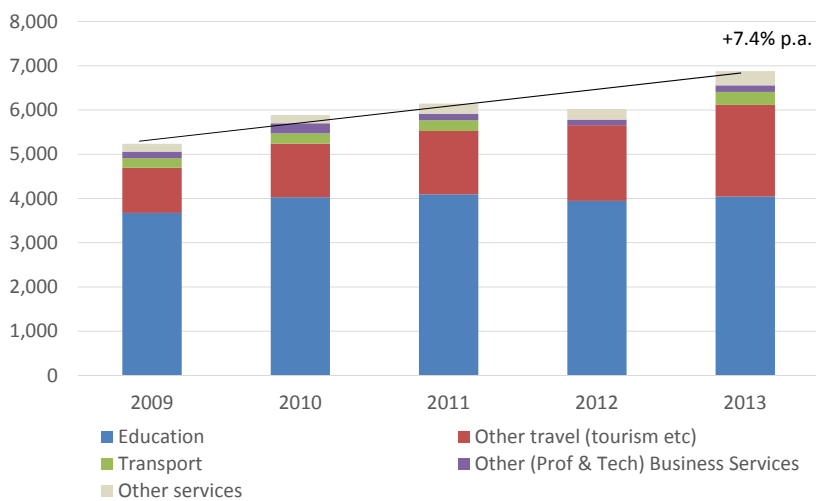
Structural change in Victoria, 2004-2013



VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

5

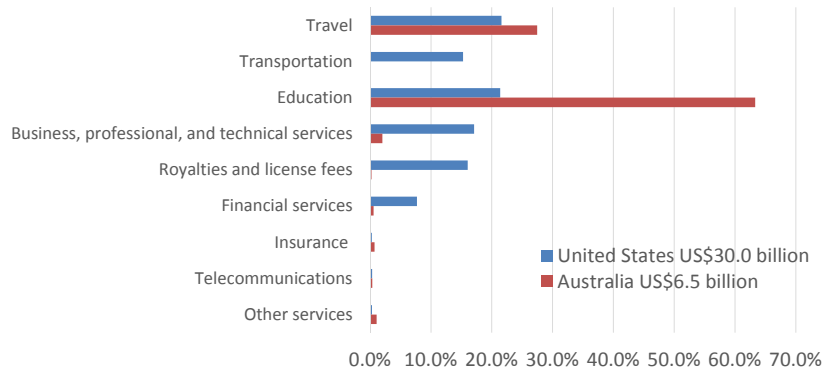
Composition of Australian services exports to China, 2009-13, \$million



VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

Source: ABS Cat. No. 5368.0.55.003. 6

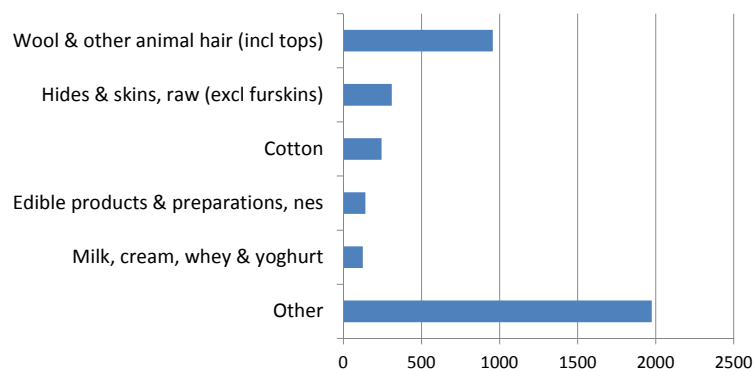
Composition of services trade with China United States and Australia, 2012



VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

7

Victorian Merchandise Exports to China 2012-13, \$A million



VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

8

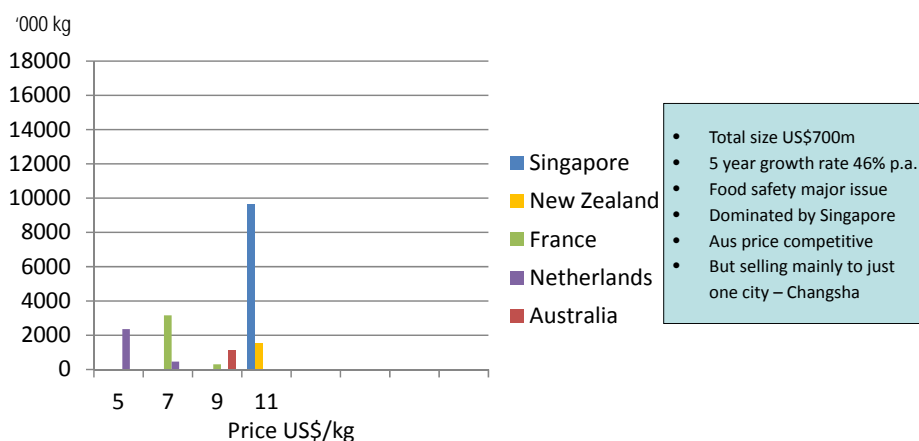
Manufactured products

- Trade intelligence approach to identifying merchandise export opportunities
- Data mining of TradeData International data bases which contain:
 - Detailed monthly customs information for thousands of product categories
 - Product value and quantity from which price may be inferred
 - Port of origin and destination.
 - City of the importer (China only to 2010)
 - Matching country sources (confidentiality limitation)
 - Tests
 1. Product currently being exported by Victorian firms to international markets, including but not necessarily to China;
 2. Product had strong Chinese import demand; and
 3. Favourable Australian export price compared with Chinese import price

VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

9

Quantity and price of Chinese infant food imports, 2010

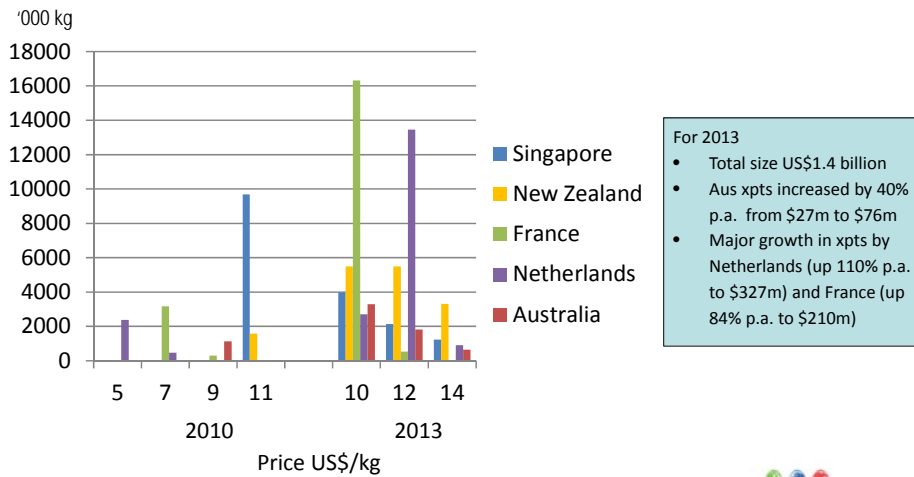


VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

Source: **TRADE DATA INTERNATIONAL**
Better business decisions

10

Quantity and price of Chinese infant food imports, 2010 and 2013



VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

Source: TRADE DATA INTERNATIONAL
2013

11

Examples of identified manufacturing opportunities

Sector	Opportunities		
Advanced manufacturing and automotive	Automatic regulators and controls	Measuring instruments	
Food and beverages	Wine – upper price segment	Cheese and other milk products	Food bars
Aviation	Manufacturing aircraft components	Aircraft maintenance and repair	
Biotechnology and Pharmaceuticals	Human blood products	Vaccines	Opiate-based pharmaceuticals

VICTORIA INSTITUTE
OF STRATEGIC ECONOMIC STUDIES

12

Clean technology

Chinese demand

- China is already a global leader in clean technologies
- Chinese manufacturers of clean energy equipment account for more than half of global supplies and investment growing rapidly
- **Niche opportunities** for Victorian clean energy firms in technologies such as:
 - carbon capture and storage
 - coal gasification
 - solar thin-films
 - coal-to-liquids
 - smart grid technologies and systems

Other new technology opportunities

- Smart building technology
- Green building design
- Aged care advanced sensor technologies
- Intelligent transport systems
- Airport perimeter security – optic fibre intrusion detection systems

Perimeter security

Future Fibre Technologies (FFT)

- HQ Mulgrave
- fibre optic sensing business since 1994
- global operation
 - installed hundreds of fibre optic intrusion detection systems around the world, including major US airports (eg Washington Dulles) and water utilities, Beirut Sea Port
- holds 7 US fibre optic patents for these technologies
- provides fibre optic based intrusion detection that offer
 - long range sensor optical path length (up to 80 kms)
 - requires no power or electronics in the field
 - is intrinsically safe, being immune to EMI, RFI, and lightning
 - can pinpoint the location of intrusions
- Recently opened office in India
- potential opportunity in China airport security subject to IP protection

Translating opportunities

- Greater understanding of the Chinese market
- Regulatory issues
 - Trade barriers
 - Other regulations
- Global supply chains
- Timeframes
 - Immediate
 - Longer term technology based partnerships

CONTACT DETAILS

PROF. BRUCE RASMUSSEN
DIRECTOR
VICTORIA INSTITUTE OF STRATEGIC ECONOMIC STUDIES

PHONE +61 3 9919 1342
FAX +61 3 9919 1350
EMAIL bruce.rasmussen@vu.edu.au