



CANBERRA'S INTERNATIONAL ENGAGEMENT STRATEGY



CONFIDENT.
BOLD.
READY.



CONTENTS

02 / MESSAGE FROM THE CHIEF MINISTER
04 / EXECUTIVE SUMMARY
07 / INTRODUCTION
08 / HELPING REALISE THE ACT'S AMBITIONS THROUGH INTERNATIONAL ENGAGEMENT
10 / 2050 VISION FOR CANBERRA – TO BE RECOGNISED AS ONE OF THE WORLD'S GREAT INNOVATION, CREATIVE AND ART CITIES WHILE REMAINING THE WORLD'S MOST LIVABLE CITY
11 / Attract and retain talented people
12 / Continue to open and diversify our local economy
13 / Deliver better metropolitan infrastructure
13 / Embrace the digital mindset and delivering smart city initiatives
15 / CANBERRA'S COMPETITIVE ADVANTAGE
16 / KEY CAPABILITY AREAS OF THE ACT ECONOMY
16 / Education & Research
16 / Tourism
17 / Defence and Cyber Security
18 / Renewable Energy
18 / ICT and e-Government
21 / Space and Spatial Science
22 / Health and Sports Science
24 / PRIORITY INTERNATIONAL MARKETS
24 / Considerations in identifying priority markets
24 / SIGNIFICANCE OF FREE TRADE AGREEMENTS
25 / PRIORITY MARKETS
27 / Singapore
29 / New Zealand
31 / China
33 / United States of America
35 / Japan
37 / Priority cities
38 / Canberra and the Asian Century
43 / CONCLUSION

MESSAGE FROM THE CHIEF MINISTER

Canberra is well on the way to realising our ambition to become a truly internationally engaged, world-leading city of the 21st century. To compete on the world stage we must maintain the momentum.

Canberra is already a globally connected city and we have significant opportunities in front of us to build on our unique advantages and grow our international profile. Building our profile and promoting Canberra as a place to invest, do business, visit and study is a crucial part of cementing our position as a city of global significance.

The ACT Government has a clear ambition to connect Canberra and the region with places, markets and sectors where we have shared interests. A coordinated and focused approach to the way in which we engage internationally will enable us to open and diversify our knowledge-based economy, be a genuine player in the global contest for investment and talent and promote the many reasons to visit our city.

The International Engagement Strategy demonstrates a clear commitment to building enduring international relationships for the economic, cultural and social benefit of the ACT. It also provides the framework to inform my Government's approach to international engagement activities and strategy, and provide clear direction and leadership to the business community in Canberra and the region.

Andrew Barr MLA

Chief Minister of the Australian Capital Territory
8 September 2016





EXECUTIVE SUMMARY

Canberra—Australia's capital—is a dynamic, vibrant city where the interaction between government, science, research, arts, education and business fosters innovation and economic opportunity. Our growing and highly educated population, diverse knowledge-based industries, and high concentration of world-class research institutions are just some of the natural advantages that will catapult Canberra into a globally recognised and respected 21st century city. Canberra will be a globally recognised city that builds on the region's offering of agricultural, alpine and coastal experiences and produce.

Canberra's ambition—to be globally recognised and respected will be driven by our liveability, knowledge creation and translation. The path to achieving our ambition has four directions.

Firstly, attracting and retaining talented people. Beginning with a strong arts culture that drives innovation and creativity we will attract and retain those with the Science, Technology, Engineering, arts and Maths (STeAM) skills to drive our productivity and economic growth.

Secondly, we will continue to open and diversify our economy. Diversification and openness means growing our key capability areas and becoming top-of-mind for ideas, study, investment and visitation. We will grow and be the undisputed home of education and research—Australia's Education Capital. Deepening our international connections economically, culturally and socially will facilitate our diversification, our growth and our jobs.

Thirdly, we will deliver metropolitan infrastructure befitting a global city. Our urban renewal and innovation, with the Light Rail Master Plan and the City-to-the-Lake vision, combined with excellence in urban planning will deliver the urban core reflective of a global city. We will facilitate the increased interactions in our city heart while maintaining the characteristics that make Canberra a great city today.

Finally, we will work across Government and with the local and international community to make the smart city a reality. Adopting the digital mindset we will deliver more efficient, more effective citizen centric government operations, we will engage with the business community on this journey.

Under the four directions there are nine ambitions which will guide the action of the International Engagement in the coordination of the ACT Government's international promotion and engagement activity.

Building our international profile and promoting Canberra as a place to invest, do business, visit and study is a crucial part of cementing our position as a city of global significance. The ACT Government, through the Office of International Engagement, has developed this International Engagement Strategy in order to focus government efforts in markets that strongly align with the ACT's key capability areas and provide opportunities to grow the ACT economy.

The strategy sets up a framework for assessing whether government resources can justifiably be directed towards a particular international market. In making such assessments consideration is given to:

- the level of alignment with the ACT's key capability areas;
- economic indicators; and
- the strategic importance of the relationship to the ACT.

Key Capability Areas



Education & Research



Tourism



ICT & e-Government



Defence & Cyber Security



Space & Spatial Science



Health & Sports Science



Renewable Energy

Economic Indicators

- Two-way trade with Australia
- Foreign direct investment
- Current and potential economic growth
- Existence of Free Trade Agreements with Australia
- Source of international visitors
- Source of international students
- Gross and concentrated potential for commercial engagement

Strategic Importance

- Transport links
- Formal government to government ties
- Current and potential for education and research partnerships
- Overall alignment with ACT Government's strategic vision

Applying these criteria five international priority markets, and within them priority cities, have been identified for immediate targeted engagement. These markets are:

- Singapore
- China (Shenzhen, Guangzhou)
- United States of America (San Francisco, Washington DC)
- New Zealand (Wellington)
- Japan (Tokyo)

The above markets have been chosen because they all have strong economic indicators signalling both capacity and willingness to engage in free trade agreements with Australia and established strong government-to-government relationships. In the case of Singapore and New Zealand, there is also the broader strategic imperative of supporting the 'Capital Express' aviation link between our cities. Direct international access to the Asian-hub of Singapore provides opportunities for both ACT businesses and our visitor economy that are crucial to Canberra's long-term economic expansion.

The ACT Government has also identified other cities within these priority markets with which we will foster economic relationships to open up further opportunities in the future. These include: Beijing, Shanghai and Wu-Han (China), Austin, Denver and Portland (US), Osaka (Japan) and Auckland (NZ).

The Strategy also recognises the significant opportunities presented by India, Indonesia and the broader Asian region. It outlines engagement strategies for developing and strengthening links between the broader Asian Region and the ACT.

The Commissioner for International Engagement, is responsible for coordinating the ACT's international relations. Working across government, and in particular with Enterprise Canberra (where expertise and delivery responsibility rests for visitation, investment facilitation, trade, education and the arts) and in close collaboration with industry and research institutions, the Commissioner will develop programs and strategies in line with the CBR brand to grow Canberra's international reputation.

The Strategy outlines short-term priorities for each of the identified priority markets as well as a broad plan for realising the Government's 2050 ambition for a globally recognised, international city: Canberra.



INTRODUCTION

The ACT Government has a bold vision for Canberra to position itself as a world-leading city of the 21st century. *Canberra: A Statement of Ambition* identifies four directions of travel setting the path for our vision. The *International Engagement Strategy* sets the path of action within an international context to achieve the 2050 vision in line with the four strategic directions.

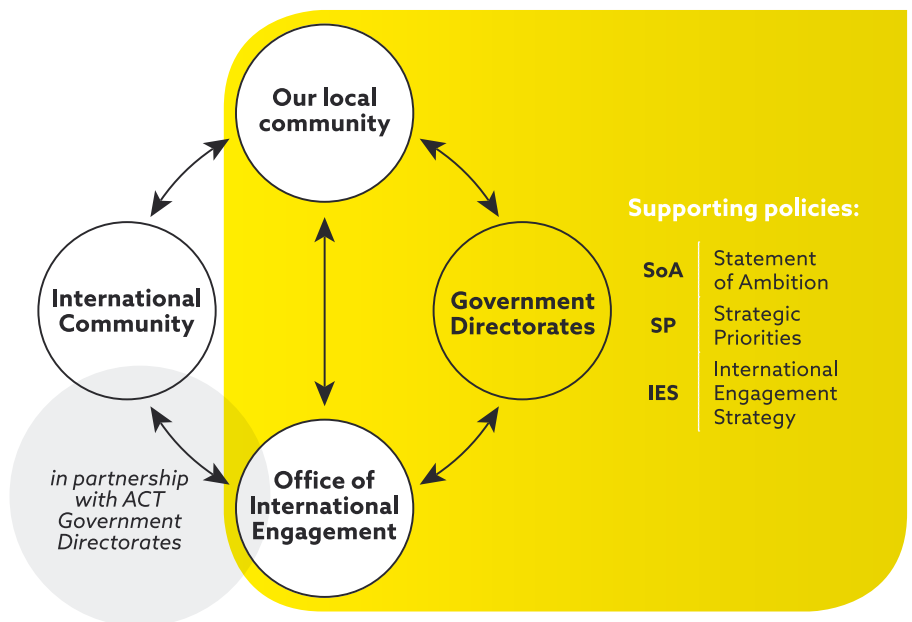
In our business development strategy *Confident and Business Ready*, the Government set down an economic plan designed to create a business environment that would grow local enterprise, accelerate innovation to create wealth and jobs, and support business investment in future growth areas.

Central to this ambition is the internationalisation of Canberra's economy. The ability of Canberra-based businesses and research institutions to establish international connections is key to the ACT's future economic development. The ACT Government can help achieve this objective by promoting Canberra's knowledge-based service industries and investment opportunities in international markets with aligned interests. This is why, in *Confident and Business Ready*, the Government committed to developing a strategy to guide its international engagement efforts. The newly-created position of Commissioner for International Engagement demonstrates the importance placed on building enduring international relationships for the economic benefit of the ACT.

Canberra – with its innovation programs and established strengths in high growth industries of the future – has limitless potential. To make the most of our potential it is important the Government direct its efforts toward international markets that have the strongest strategic and commercial relevance to the ACT's economic landscape.

With our knowledge-based economy, Canberra has significant strengths in growth areas of the future including ICT and e-Government, Renewable Energy,

A MODEL OF STRATEGIC INTERNATIONAL ENGAGEMENT



Space and Space Science, Defence and Cyber-Security, Tourism, Education, and Health and Sport Sciences. These areas are at the heart of the Government's innovation agenda. The strong connections between Canberra's academic, government and business communities provide attractive opportunities for international investment in these areas.

The International Engagement Strategy:

- Projects the ACT Government's 2050 vision for a globally recognised and prestigious international city.
- Prioritises the international markets that are important for advancing economic growth in the ACT.
- Links the priority markets to key industry areas central to the economic diversification of Canberra.
- Provides the evidence base to inform export development and Foreign Direct Investment (FDI) programs.

- Provides a template for a coordinated approach to international engagement across government.
- Provides leadership to industry in market engagement.

The International Engagement Strategy recognises that there are individual key capability areas with strategies and specific actions to support the government's economic diversification objectives. These include: *Confident and Business Ready: Building on our strengths*; *Canberra Australia's Education Capital: an International Education Strategy for Canberra*; *2015 ACT Arts Policy* and *Tourism 2020: Growing the Visitor Economy 2014-20*. The International Engagement Strategy builds on these individual strategies by targeting markets that are important for delivering the goals outlined in these strategies. The International Engagement Strategy also links broadly across Government as to how we achieve our international aspirations.

HELPING REALISE THE ACT'S AMBITIONS THROUGH INTERNATIONAL ENGAGEMENT

The ACT Government is fortunate to have a number of formal frameworks with other municipal governments in place that serve to strengthen our international ties both on a cultural and economic level.



Sister City relationships:

- Nara, Japan
- Beijing, China
- Wellington, New Zealand



Memorandum of Understanding (MOU) of economic cooperation:

- Shenzhen, China



Friendship agreements:


- Dili, Timor-Leste
- Hangzhou, China

Also of importance are the relationships that have been established because of the strategic advantages that they present. For example, very strong government-to-government relationships have been established with Singapore. ACT Government delegations visiting cities of strategic importance to the ACT have led to strong relationships being fostered with the cities of San Jose, California; Austin, Texas; Portland, Oregon; and Washington DC.

Whether framed by the backdrop of a formal relationship, or through a customised program of engagement, the ACT Government will take steps to build practical and meaningful links with priority international markets and cities for the benefit of Canberra-based businesses.

Image caption: The Aboriginal Memorial (1987-88) at the National Gallery of Australia consists of 200 hollow log coffins made by indigenous artists from central Arnhem Land.





The Office of International Engagement, led by the Commissioner for International Engagement, will drive the ACT Government's engagement in a variety of ways and manage specific programs including:

- A targeted program of activities to grow our international reputation and prestige.
- Providing strategic leadership over the international inbound and outbound activities, including our city-to-city engagement.
- Defining and implementing a targeted program of ACT Government, Ministerial and industry trade missions to priority markets.
- Creating an inbound mission facilitation program that qualifies enquiries, proactively targets inbound opportunity and manages program development and delivery for inbound delegation visits.
- Building relationships and liaising with Canberra's diplomatic community.
- Working with the Canberra Business Chamber to connect with International Business Councils and Chambers of Commerce to utilise their networks and market knowledge.
- Working with our Canberra Region partners to enhance export capability and capacity.
- Reinvigorating the ACT's formal government-to-government relationships with a view to raise awareness of the economic opportunities within Canberra's key capability areas.
- Making recommendations for ACT representation (either at an official level or through the Canberra business and research community) at international conferences and trade shows relevant to Canberra's key capability areas.
- Leading engagement with the Australian Government including Austrade and the Department of Foreign Affairs and Trade network to promote ACT opportunities and leverage the incentives and support that are available.
- Ensuring that, at their core, all formal government-to-government arrangements support the growth and economic diversification of the ACT economy and align with the strategic intent of this strategy.
- Ensuring future city-to-city relationships align with ACT Government priorities, share a common economic vision and be proactively resourced and managed to realise economic and cultural benefits for the city.

2050 Vision for Canberra

TO BE RECOGNISED
AS ONE OF THE WORLD'S
GREAT INNOVATION,
CREATIVE AND ART
CITIES WHILE REMAINING
THE WORLD'S MOST
LIVEABLE CITY

COMPETITIVE

The ACT Government's vision for Canberra is to be one of the world's most liveable and competitive cities—welcoming to all. This vision requires international action and global recognition.

We have strong foundations on which to grow our global recognition and prestige. We are already consistently counted as one of the world's most liveable cities—in a major study of regional wellbeing, the OECD ranked Canberra number one.¹ While Canberra scores highly across the factors considered: income, health, safety, accessibility of services, civic engagement, education, jobs, environment and a newly added criteria of housing we have a considerable challenge to make Canberra top-of-mind for ideas, investment, study and visitation in a competitive global landscape. Being top-of-mind will deliver a dividend of economic and social sustainability. To achieve our vision we must develop our ambition in an international context.

Attract and retain talented people

Our capacity to attract and retain talented people to help make our city great starts with the ability to create vibrant places that attract knowledge workers and entrepreneurs. This begins with arts and culture. David Throsby finds that *"a logical sequence can be established, beginning with art and proceeding through artistic creativity, creativity in general, innovation, technological progress, competitive advantage, and other indicators of economic success"*. Artistic programs and promotion integration into our business and academic activities—Science, Technology, Engineering, Arts and Maths (STeAM)—will underpin our capacity to attract and retain people with a compelling economic and cultural proposition.

Art and culture is the foundation of a vibrant city and city centre. The importance of a vibrant city centre, with increasing intensification of jobs, activity and people in global city centres, must be embodied in our urban vision for arts, transport, planning and architecture now and into the future.

Arts will be embedded in our international engagement in partnership with our significant drawcard national institutions: the National Gallery of Australia, National Museum of Australia, National Library of Australia, National Portrait Gallery, National Film and Sound Archive and Australian War Memorial as well as a thriving national and local art ecosystem. Our arts vision is to be a diverse and dynamic arts ecology which is valued locally, nationally and globally.

To be recognised globally we must be ranked globally as an innovation city—a creative city—an arts city of the future

Innovation in science and technology must come not only through training and educational institution expenditure on research and development but through deep partnerships between the universities, government and industry.

Canberra, with its combination of world renowned research institutions, the seat of the Australian Government where major procurement and policy decisions are made and coordination facilitated by the CBR Innovation Network means Canberra is well placed for leading innovation and collaboration. Canberra can lead Australia from being the lowest ranking of 31 countries, measured by the OECD, for firms collaborating on innovation activities with government and or education providers,² to become globally recognised. The CBR Innovation Network is the method by which the ACT Government will support the innovation community to grow jobs and wealth for our people. Underpinning this partnership are well supported businesses and universities whereby the government sets the right economic environment such that the ACT is Confident and Business Ready.

Canberra will be globally recognised for knowledge creation, innovation and research translation. We will be Australia's leading innovation jurisdiction.

¹ OECD Regions at a Glance, 2014 http://www.oecd-ilibrary.org/governance/oecd-regions-at-a-glance-2016_reg_glance-2016-en

² 2013 statistics access 12 August 2016 <http://www.oecd.org/innovation/inno-stats.htm#indicators>

Continuing to open and diversify our local economy

We must continue to open and diversify our local economy, building on the strong position we have as one of Australia's first and most dynamic knowledge based cities. We will maintain our focus on our key capability areas in our knowledge industries. Our focus on growing knowledge industries and innovative ecosystems aims to continue Canberra's high levels of productivity and income when compared globally.

Canberra will be globally recognised as a centre of expertise for informational translation across key capability areas

To be attractive globally, we must be accepting internationally. Canberra will be welcoming internationally from the arrival. Growth in our reputation and prestige will come with further work to expand our international connectivity with direct international connections from Canberra Airport.

Growth in our direct international flight connections to Canberra Airport

We will continue to expand our multicultural linkages through our diplomatic community and cultural diversity—growing our inclusivity through Canberra events like the Multi-Cultural Festival and closer cultural awareness and shared experiences. We engage our Indigenous community in international events—celebrating the oldest continuing culture on earth.³ We will continue to lead initiatives that demonstrate our commitment to equality whether on ethnicity, religion, gender or sexuality such as through our, Australian first, recognition of same sex relationships in property rights.

In the Asian century, Canberra will become more culturally diverse with deeper engagement with Asian cultures and values

Canberra's recent recognition as a city of the future with our Foreign Direct Investment activities should deliver⁴ stronger levels of foreign investment. Foreign investment will facilitate higher levels of productivity through the application of world leading business practices. Further, the cultural linkages that come with investment should not be undersold in the ability to foster further investment and productivity improvements—creating a virtuous cycle. The virtuous cycle begins with engagement. A strategic plan for ministerial, government and industry engagement in our target markets and Asia will strengthen and diversify our economy.

The ACT will have a coordinated and targeted ministerial, government and industry engagement program with our target markets and Asian neighbours

Our newly crafted whole-of-city and region CBR brand is central to the promotion of the ACT in the current to medium term. A partnership with the community, embraced by business and supported by Government to sell Canberra to the world, the CBR brand is important in communicating both internally our vision, and building our reputation. This delivers enhanced prestige and awareness of our place as Australia's capital city to the world beyond.

Canberra aims to be top-of-mind for ideas, study, investment and visitation supported by a consistent and deeply embedded brand

3 <http://www.australiangeographic.com.au/news/2011/09/dna-confirms-aboriginal-culture-one-of-earths-oldest/>

4 <http://www.fdiintelligence.com/Locations/Asia-Pacific/fDi-s-Asia-Pacific-Cities-of-the-Future-2015-16-the-winners>

Deliver better metropolitan infrastructure

We must use our integrated government structure to deliver better metropolitan infrastructure that renews our inner precincts, strengthens our suburbs and provides new opportunities for all. Being an international city requires the infrastructure of a global city. As renowned global cities have their own urban reputation and character—we will grow and strengthen ours.

The Government will facilitate the infrastructure for an international city with projects including the Light Rail Masterplan and the City-to-the-Lake vision creating an urban core reflective of a global city. Canberra will pursue design excellence while respecting and building on our legacy as a planned city. We have an opportunity to renew our urban environment and become a network of diverse communities. Our city environment is changing. Globally recognised cities are changing. Increasing levels of agglomeration are driving increased interactions in the heart of cities, between suppliers and customers in a close knit industry ecosystem. Our planning excellence will help facilitate Canberra having a globally recognised metropolitan infrastructure.

The ACT Government will ensure we have the infrastructure required to be an internationally competitive city for business, leisure and life

Embrace the digital mindset and deliver smart city initiatives

We must continue to embrace the digital mind set. The digital mindset is to become second nature enabling us to deliver integrated smart city initiatives. The competitiveness of Canberra will be influenced by our capacity to take advantage of the digital revolutions that are disrupting industry, government and ways of life across the globe. A deep integration of digital skills and aptitudes in ACT schools, feeding into business and workplaces is essential in a knowledge-based economy. The ACT has globally competitive programs such as the 'Learn Anywhere Program' and will look to enhance our STEaM capabilities through further programs.

Government is engaged with the key stakeholders around smart city infrastructure and initiatives to build upon our existing strengths and capabilities. The ACT Government's CBRFree WiFi network, smart parking initiative, Access Canberra digital services and the iConnect program are representative of the strong base on which our global reputation will grow from.

Canberra will be at the forefront of smart city technology creation, adoption and knowledge sharing and recognised for this internationally.





CANBERRA'S COMPETITIVE ADVANTAGE

The ACT Government is focused on realising an economic strategic vision for Canberra that capitalises on its well-educated and productive labour force, world-class research and development, scientific and technological reputation. Canberra is the seat of the Australian Government where major policy development and procurement decisions are made. Canberra is home to an extensive diplomatic community. These attributes, together with Canberra's enviable lifestyle, strong and stable economy, and business-friendly environment, has led to its recognition as one of Asia Pacific's cities of the future.

In addition, Canberra's connectivity with Singapore and Wellington will accelerate opportunities to grow international visitation and awareness of the city across Asia.

The ACT Government will work towards boosting international investment in key capability areas in which Canberra already excels and that have potential for continued growth.

The following key capability areas have the potential to advance the ACT's international competitiveness in foreign markets:



Education & Research



Tourism



Defence & Cyber Security



Renewable Energy



ICT & e-Government



Space & Spatial Science



Health & Sports Science

KEY CAPABILITY AREAS OF THE ACT ECONOMY



Education & Research

Canberra prides itself on being the innovation and education capital of Australia. It is home to five university campuses, including Australia's highest ranked education provider, the Australian National University (ANU).

Canberra's education and research sector contributes \$2.7 billion to the ACT's economy each year and creates approximately 16,000 jobs. In recognition of the importance of this sector the ACT Government has adopted a strong economic development focus in its relationship with the sector. It is working with the sector to promote the its key capabilities by developing partnerships between industry and the institutions.

A particularly important part of the sector is international education, which is Canberra's largest export earner contributing \$451 million in 2015 and creating over 6,000 jobs. The ACT Government's international education strategy highlights the efforts the ACT Government is making to market and promote Canberra as an education destination of choice. It also emphasises the important role that strong educational and research institutions play in driving city development and sustainable growth, and the need for government involvement in development initiatives. The international focus will be on Asian markets recognising the existing and future potential of these markets to provide international students and researchers.



Tourism

Canberra's visitor economy contributes \$1.7 billion in international and domestic overnight expenditure to the ACT economy. As an industry it is one of the largest private sector employers, employing approximately 16,000 people. Canberra benefits from:

- national attractions and cultural institutions.
- a large international student population which drives visitation from Visiting Friends and Relatives (VFR).
- being a sought-after destination for conferences and events.
- its proven record in hosting major international events, such as the AFC Asian Cup and ICC Cricket World Cup.
- acting as a gateway for travel throughout the Canberra Region with visitor experiences in alpine, tablelands and coastal settings.

Growing Canberra's visitor economy has long been a focus for the ACT Government. This is demonstrated by its *2020 Tourism Strategy: Growing the Visitor Economy 2014-20*, the repositioning of Canberra and successful efforts to establish direct international flights.

The 'Capital Express' route links Singapore, Canberra and Wellington. This connectivity with a critical South-East Asian hub and our trans-Tasman neighbours is predicted to provide significant opportunities for the tourism industry. This service will assist in realising the government's goal of growing the value of international and domestic overnight expenditure to \$2.5 billion by 2020.



Defence and Cyber Security

Defence and security is one of Canberra's largest industry areas offering capabilities in a range of areas such as cyber-security technologies, advanced radar and communications applications, and precision manufacturing and testing of space-based instruments and small satellites.

In acknowledgment of how essential the Australian defence industry is to the operations of the Australian Defence Force, the Australian Federal Government is investing \$1.6 billion in defence-related innovation, including an allocation of \$730 million for research and development.

The 2016 Defence White Paper (DWP) committed to increase the defence budget from \$32.4 billion per annum in 2016-17 to \$58.7 billion per annum in 2025-26. This includes a capital expenditure of \$190 billion on defence capability over the period 2016-17 to 2025-26, including a commitment to spend 9% of this amount on areas related to cyber security, space and spatial and geo-spatial technologies. The Defence Industry Policy Statement (DIPS), released at the same time as the DWP, heralds a major change in defence industry focus. In particular, the DIPS contains the following critical changes:

- recognition of industry as a fundamental input to capability;
- simplified pathways for innovation and the introduction of locally developed capabilities; and
- the development of Sovereign Industrial Capabilities.

Australia's Cyber Security Strategy also places a focus on innovation, with the establishment of an industry-led Cyber Security Growth Centre to create business opportunities for Australia's cyber security sector. The ACT Government has actively supported the development of the Canberra Cyber Network—a partnership between Data61, ANU, UNSW Canberra, the University of Canberra (UC), Canberra Institute of Technology (CIT) and the CBR Innovation Network—as a precursor to the development of a Canberra Node of the Cyber Security Industry Growth Centre.

Canberra is also home to a significant number of defence prime contractors such as Northrop Grumman, Lockheed Martin, Raytheon, Thales, IBM, BAE Systems, Airbus Defence and Space as well as Australia's largest majority owned defence company CEA Technologies as well as industry leading SMEs such as Quintessence Labs. Growing Canberra's reputation as a leader in defence related innovation, entrepreneurship and capability development is important to attract new investment to support growth and diversification.



Renewable Energy

The ACT Government is positioning Canberra and the region to be a world-leader in renewable energy development and a test site for new technologies. The Government has set a 100% renewable energy target to be achieved by 2020 and has developed a Renewable Energy Industry Development Strategy to support this objective.

In addition to allocating significant funding to support growth in renewable energy—including in education and training—the Government created a legislated feed-in tariff mechanism and reverse auction process that provides a high degree of investment certainty for project developers and financiers⁵.

In the Asia-Pacific Region the 2014-15 value of new clean energy was \$179 billion.⁶ Australia holds an esteemed global reputation in renewable energy innovation, research and has the geographic and climatic conditions that make renewables like wind and solar viable.

Canberra is among the few global regions and cities that have either achieved or set legislated 100% targets for renewable energy. In the Asia Pacific region Canberra is a beacon of both activity and achievement.

At current renewable energy targets, the ACT holds at least a ten year lead on other cities and regions wanting to achieve 100% renewable energy in Australia. That lead translates to an export advantage for the ACT and a knowledge development and market advantage for businesses wanting to compete in this rapidly emerging global industry.



ICT and e-Government

Canberra's ICT sector is one of its key competitive strengths. It provides essential ICT services and expertise, as well as enabling technology, for the rest of Canberra's knowledge based economy.

The ACT is home to 13,500 private sector jobs in Information Technology, second only to health as a private sector employer. The ACT Government successfully advocated for the creation of the eGov Cluster which brings together Government agencies, industry and the research community to collaboratively advance Australian ICT innovation in the public sector. It is also supporting innovation in the ICT and e-Government industries through a range of initiatives such as CollabIT and the CBR Innovation Network.

The ACT Government's partnership with Data61 is a critical part of Canberra's innovation ecosystem and a significant strategic advantage for advancing international engagement opportunities.

Canberra is growing its reputation as a national leader in ICT digital R&D and innovation. There is considerable opportunity for Canberra to promote its strengths in the digital economy to international markets to attract investment, develop business to business connections, advance smart city solutions and R&D opportunities.

⁵ *Electricity Feed-in (Large Scale Renewable Energy Generation) Act 2011*

⁶ *Bloomberg New Energy Finance Clean Energy Investment: Q4 2015 Fact Pack*





SPACE AND



Space and Spatial Science

Canberra's history as an integral participant in the space industry and spatial research arena dates back over 50 years.⁷ The ACT Government is working with the sector to continue its advancement and make Canberra a hub of aeronautical research.

Canberra benefits from leading research institutions and universities, existing space-related infrastructure, and a strong industry presence. It is therefore well-positioned to develop a thriving local space industry.

Recognising the enormous economic potential for the ACT that the global space economy provides⁸, the ACT Government has supported the development of the ACT Space and Spatial Innovation Cluster. The presence in Canberra of many of the world's leading aerospace and defence primes,⁹ as well as SME's engaged in space-related work,¹⁰ presents opportunities for enhanced collaboration between industry and researchers. The Space Innovation Cluster will foster the development of such relationships.

The ANU and UNSW Canberra are two of the most active universities in space related disciplines in Australia. The Australian Government and the ANU have invested heavily in spacecraft test facilities at the Advanced Instrumentation and Technology Centre and UNSW Canberra is currently investing \$10 million over 5 years in developing capability and capacity for regular in-orbit space research and technology development. Their research and innovation development covers a range of space-related fields such as:

space engineering (including miniature satellite space mission skills and facilities), instrumentation, space physics, space propulsion, astronomy and astrophysics, earth science, remote sensing and geospatial applications, laser physics, optics and photonics, material science, space dynamics and control, systems engineering and more.

Canberra is also home to other public sector research facilities with key expertise in space activities. These include the Commonwealth Scientific and Industrial Research Organisation (CSIRO)—that works with NASA at the forefront of space science and is internationally renowned for their radio astronomy research and engineering expertise—and Geoscience Australia, EOS Space Systems (including its laser ranging facility) and the Space Environment Research Centre.

⁷ In 1965 the Tidbinbilla Deep Space Tracking Station (now known as the Canberra Deep Space Communication Complex) helped to receive the first images of the Apollo moon landing mission.

⁸ The global space economy is valued at \$US 330 billion. Source: The Space Foundation, The Space Report 2015.

⁹ Lockheed Martin, Northrop Grumman, Airbus Defence and Space, and Raytheon are headquartered in Canberra. Boeing, Thales and BAC Systems have branches in Canberra.

¹⁰ Electro Optics Systems, Nova Systems, Geospatial Intelligence, Geoplex, Locata, CEA Technologies, Australian Scientific Instruments, Quintessence Labs and SHOAL Group have a presence in Canberra.



Health and Sports Science

Canberra has a wealth of knowledge and experience in Health and Sports Science. As long-standing pillars of the ACT economy, they are set to become industries of future focus due to research and development initiatives by the ACT's tertiary institutions.

The ANU's John Curtin School of Medical Research (JCSMR) is Australia's national medical research institute. It excels in ground-breaking, multi-disciplinary translational medical research. The ANU Centre for Research on Ageing, Health and Wellbeing hosts a node of the Australian Research Council's Centre of Excellence in Population Aging Research.

Supported by the ACT Government, the University of Canberra (UC) has embarked upon a Health Precinct development to collaborate with business, government and community organisations across areas such as health technology, health care delivery, health systems, e-health, health technologies, biomedical and sport sciences.

UC also has a strategic plan to establish itself as Australia's leading university for sports education and research, building on the living legacy of the Canberra-based Australian Institute of Sport and the Australian Sports Commission.

Governments across the world—particularly in the Asia region—are facing rapidly ageing populations. With this change in demographics come economic opportunities in the health and aged care sector. Canberra has a wealth of knowledge and experience in the Health and Sports Science sectors which the ACT Government will harness through the creation of a Health Innovation Cluster and Sports Technology Cluster. The city is well positioned to promote this as a competitive advantage on the international stage for investment attraction, growing export value and R&D partnerships.





PRIORITY INTERNATIONAL MARKETS

Considerations in identifying priority markets

Potential priority markets were assessed against:

- economic indicators.
- the ease of doing business.
- the strategic importance of the relationship to the ACT.

From an economic perspective, consideration was given to the level of two-way trade with Australia, the level of foreign direct investment, current and potential economic growth, and linkages between key capability areas and international target markets.

The existence of Free Trade Agreements with Australia was the primary measure of assessing the ease of doing business with a country. Austrade advice and the experiences of the Canberra business community also informed this criterion.

Significance of Free Trade Agreements

Free Trade Agreements (FTA's) are fundamental to creating favourable export and investment environments. Although the scope of Australia's FTA's will vary between countries, there are certain aspects that are particularly relevant for the purposes of conducting an assessment of a country's suitability as a priority international market. This includes the:

- extent that tariffs have been eliminated or reduced.
- existence of a National Treatment obligation to prevent discrimination against Australian service providers in relation to access to the market and their operations once in the market.
- existence of a Market Access obligation to reduce market access barriers.
- existence of protections for investors against discrimination.
- the extent to which government procurement markets can be accessed by Australian exporters of goods and services.

Strategic factors include the existence of formal government-to-government ties with the ACT Government, education and research partnerships, aviation links and overall alignment with the ACT Government's strategic vision.

Priority markets

Against these parameters, the markets currently of greatest immediate priority to the ACT are Singapore, New Zealand, China, United States (US) and Japan. India, the Republic of Korea, Indonesia, Malaysia, Vietnam, and Thailand are also important markets and will also form part of the engagement strategy. The focus in these markets will be on raising Canberra's profile to create a platform for future trade and investment, or pursuing opportunities that can be realised in the short term.








Immediate priority markets for ACT engagement

	Singapore	New Zealand	China	US	Japan
Established FTA	✓	✓	✓	✓	✓
Direct flight connection	✓	✓			
Rank as national two way trading partner	5	6	1	2	3
Rank as source of international investment into Australia	5	12	7	1	4
Rank as source of international investment by Australia	6	3	5	1	4
Rank as top trade relationship with ACT business community	3	4	2	1	-
Source of international visitors (national)	5	1	2	4	6
Source of international visitors (ACT)	6	4	1	3	11
Source of international students	8	19	1	17	6

Source:

Department of Foreign Affairs and Trade, Australia's trade in goods and services by top 15 partners 2015
 Department of Foreign Affairs and Trade, Which Countries Invest in Australia? 2015
 Department of Foreign Affairs and Trade, Where does Australia Invest? 2015

KEY CAPABILITY AREA OPPORTUNITIES BY TARGET MARKET

		Singapore	New Zealand	China	US	Japan	Greater Asia
	Education and Research	✓	✓	✓	✓	✓	✓
	Tourism	✓	✓	✓			✓
	Defence and Cyber Security	✓	✓		✓	✓	✓
	Renewable Energy	✓	✓	✓	✓	✓	✓
	ICT e-Government	✓		✓	✓	✓	✓
	Space and Spatial Science	✓			✓		
	Health and Sports Science	✓		✓			✓

WELCOMING
THE WORLD



SINGAPORE

The strong and continually deepening Australian-Singaporean relationship, together with the reciprocal economic opportunities that will flow from the direct aviation connection, make Singapore a priority market for the ACT. International flights between Canberra and Singapore provides immediate opportunity to grow the value of the ACT's visitor economy as a gateway to Asia and beyond.

Singapore is Australia's fifth largest export market for services and third largest foreign supplier of services. Foreign direct investment in Australia by Singapore amounted to over \$28 billion in 2015.¹¹ From an ACT perspective, Canberra-based businesses have links with Singapore, which rates second (to China) as the international market with which they engage the most. These factors are indicators of a receptive market worthy of targeted engagement.

As is the case in the ACT, the services sector dominates Singapore's knowledge-based economy. There are opportunities for ACT businesses in:

- aerospace
- healthcare and aged care
- ICT and e-Government
- renewable energy
- cyber security

Australian and Singaporean businesses and investors have enjoyed an open market environment since the Singapore

Australia Free Trade Agreement (SAFTA) entered into force in 2003. The SAFTA helps create a favourable export and investment environment and supports commercial certainty through the removal of all tariffs, the National Treatment obligation, the market access obligation, secure access to Singaporean Government procurement processes and strong investor protections.

In 2015 the governments of Australia and Singapore decided to elevate the bilateral relationship, announcing a Comprehensive Strategic Partnership (CSP) between the two countries.¹²

As part of that partnership, the governments of Australia and Singapore have agreed to upgrade the SAFTA and work toward establishing a Closer Economic Relationship by 2025,¹⁶ a move that will further expand economic integration between our two countries.

The Australian-Singapore relationship is reaching new heights. There is a commitment under the CSP to expand cooperation not just in the economic field, but in areas such as defence and security, defence science and technology, and education. Long term, this may stimulate demand for ACT services and encourage investment in ACT key capability areas.


Singapore supports a business and innovation-focused culture and is home to approximately 3,600 tech start ups. Singapore is ranked the world's 7th most innovative country and has a Government committed to innovation and entrepreneurship.

¹¹ Trade at a Glance 2015, DFAT

¹² Joint declaration by the Prime Ministers of Australia and Singapore on a Comprehensive Strategic Partnership, 29 June 2015.

¹³ ibid



An aerial photograph of a city, likely Canberra, Australia, showing a large lake (Lake Burley Griffin) in the background and a modern building complex (Parliamentary Triangle) in the foreground. The image is used as a background for the text.

For example, in response to the challenges presented by Singapore's rapidly aging population (by 2030 one in five people will be aged 65 or older) the Singapore Government is setting aside up to \$200 million for a national innovation challenge for research related to ageing.¹⁴

Singapore is identified as one of the 'Landing Pad' locations under the Australian Government's National Innovation and Science Agenda providing a platform for Canberra businesses to access the market and scale their business. The ACT business community can also benefit from the presence of an Austrade office in Singapore.

Singapore backed investments into ACT infrastructure are important. For example, Singapore Power International holds, via Jemena, a significant holding in ActewAGL Distribution Limited.

Singapore has a reputation for business-friendly regulatory policies and achieves the number one ranking for ease of doing business in the World Bank report *Doing Business 2016*. English is Singapore's official language of administration and commerce, further making Singapore an attractive business environment for ACT businesses and investors.

What we will do

The ACT Government will focus on consolidating existing and growing new networks that support key capability area growth. Short term priorities include:

- establishing destination marketing partnerships with Tourism Australia and Singapore Airlines to drive inbound visitation.
- growing international education partnerships with the education sector through Study Canberra.
- leveraging the Australian Government's Singapore 'Landing Pad' to support entrepreneurship and growth of the innovation ecosystem.
- building relationships and driving investment opportunities linked to key capability areas of space and spatial science, cyber security and defence.
- supporting regional freight opportunities and product exports to Singapore in partnership with our partners in the CBR Region.

¹⁴ Singapore Ministry of Health, Media release: \$3 billion Action Plan to Enable Singaporeans to Age Successfully, 26 August 2016

NEW ZEALAND

The foundation for Canberra's connection to New Zealand is the direct international aviation link and the opportunities extending from the Sister City agreement with the city of Wellington, signed in July 2016.

Supported by the trans-Tasman relationship, which for generations has enjoyed unparalleled cooperation across cultural, political, defence and economic spheres, the profound economic linkages that exist between us make New Zealand a natural priority market for the ACT.

New Zealand is Australia's fourth largest export market for services and fourth largest foreign supplier of services. Foreign Direct Investment in Australia by New Zealand amounted to over \$5.3 billion in 2015. There are already strong links between Canberra-based businesses and New Zealand, making it the fourth largest international market with which they engage the most.

The trade relationship between Australia and New Zealand is one of the most liberal in the world. The Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) has been in operation since 1983 and makes all trade in goods between Australia and New Zealand duty free and trade in services free of restrictions with very limited exceptions. The trade relationship also benefits from a significant degree of regulatory harmonisation that removes a lot of the 'behind the lines' barriers to the movement of goods and services and reduces compliance costs to businesses. Australia and New Zealand are working towards a Single Economic Market, a goal recently reaffirmed at the Australia-New Zealand Leaders' Meeting in February 2016.

Although New Zealand's economy is primarily driven by agriculture and tourism, the recent Government focus on innovation aims to develop high-value, R&D intensive businesses. Going forward, there will be increasing overlap with many ACT capability areas including ICT, cyber security, renewable energy and space and spatial science. In 2016 the NZ Space Agency was formed to support NZ entrepreneurs¹⁵ operating in space related activities. Development of New Zealand's space capabilities will also drive other high technology businesses that apply associated technologies.

The innovation-driven environment creates opportunities for ACT universities and research institutions to collaborate with their New Zealand counterparts. New Zealand has a number of Centres of Research Excellence. Many of these are relevant to Canberra's key capability areas, for example, the MacDiarmid Institute for Advanced Materials and Nanotechnology, Centre for Quantum Science, the Maurice Wilkins Centre for Molecular Biodiscovery, Genetics Otago and MedTech.


The importance of fostering educational collaboration was recognised at a national level by the Australian and New Zealand Governments who have agreed to develop a science and innovation agreement 'to help share cutting-edge ideas and build economies based on innovative human capital'.¹⁶

The introduction of direct flights between Canberra and Wellington provides tourism opportunities for the ACT, not just from our Tasman neighbours but potential overflow from the considerable number of international visitors to New Zealand who may be tempted to visit the Canberra region.



¹⁵ Most notably, Rocket Lab – a commercial space launch operator

¹⁶ Joint Statement, Australia New Zealand Ministers' Meeting, 19 February 2016



The Sister City relationship with Wellington has its strategic roots in the economic opportunities that will flow from the 'Capital Express' route. The many synergies that exist between our two cities—our populations, our public sector dominated economies, our quality of life, our focus on innovation—provide fertile ground for enhanced cooperation across a range of areas. The stated commitment to pursue partnerships in tourism and events, and mutual exchange in smart city technologies and renewable energy is particularly pertinent to Canberra as they correspond with our key capability areas.

New Zealand is ranked 2nd for ease of doing business in the World Bank report *Doing Business 2016*.

What we will do

The ACT will continue to foster the strong partnership that has been established with Wellington City Council under the Sister City agreement. This will include:

- partnerships that facilitate tourism promotion, marketing and product development.
- government to government collaboration and knowledge sharing across economic, environmental and social priorities.
- jointly supporting innovation and technology start-up ecosystems.
- collaboration on opportunities to secure events, grow partnerships and increase participation in sport.
- mutual exchange regarding smart city technologies and implementation
- mutual exchange of delegations that connect Wellington City Council and the ACT Government.
- programs that support opportunities for Indigenous people from both countries.

CHINA



As the world's second largest economy with a population of 1.4 billion and a growing affluent consumer class, there is no questioning the benefit of engaging with China.

China is Australia's largest export market for services and eighth largest foreign supplier of services. Foreign Direct Investment in Australia by China amounted to nearly \$3 trillion in 2015. The national relevance of China is replicated in the ACT economy, with China (alongside Singapore) ranking as the international market with the strongest links with ACT businesses.

The China-Australia Free Trade Agreement (ChAFTA) entered into force in 2015. ChAFTA's duty free provisions,¹⁷ National Treatment Obligation and Most-Favoured Nation treatment provision will provide even greater opportunities for Australia's goods and services exports to China, as well as investment inflows.

China's increased focus on innovation and its rapidly growing middle class present opportunities across a range of Canberra's key capability areas, most notably ICT, Renewable Energy, Education and Tourism.

As China's service sector increases, there is a growing demand in R&D services to complement the country's existing manufacturing industry. Canberra's science and technology expertise and cutting-edge research institutions make it well placed to market itself as a leading provider of innovation. China is investing heavily in R&D and is projected to surpass the US in total R&D spending by the end of the decade.¹⁸

Furthermore, the environment is one of the key themes of China's 13th Five Year Plan, which among other environmental initiatives, places an emphasis on the development of green industries. Spending on R&D in renewable energy amounted to \$US2.8 billion in 2015, with over half of these activities conducted in collaboration with foreign research institutions.¹⁹

The potential for Canberra's businesses and research institutions to capitalise on China's R&D focus is supported by a number of formal diplomatic agreements that the ACT Government has entered into. Canberra enjoys a productive Sister City relationship with Beijing²⁰ and an important Memorandum of Understanding (MOU) with the Shenzhen Municipal Government. The MOU is aimed at promoting two-way investment and cooperation between companies, particularly in the fields of innovation and technology. The city of Shenzhen's booming R&D sector was worth \$361.5 billion in 2015, and is expected to grow a further 8-8.5% in 2016.

Shanghai is being positioned as a centre for technology, innovation and entrepreneurship. In recognition of this, Shanghai has been chosen as one of as one of the 'Landing Pad' locations under the Australian Government's National Innovation and Science Agenda.

China's middle class is predicted to account for 95% of its population by 2030. International travel and overseas education are prominent avenues for China's consumer class looking to invest their wealth, presenting significant growth opportunities for the investment, tourism and education sectors.


17 Under ChAFTA, more than 86% of Australian goods exports can now enter China duty free, rising to 94% in January 2019 and 96% in January 2029.

18 Batelle Memorial Institute (2014). *2014 Global R&D Funding Forecast*.

19 Angus McCrone, Ulf Moslener, Francoise d'Estais, Eric Usher and Christine Gruning (2016). *Global Trends in Renewable Energy Investment 2016*

20 Canberra Beijing Sister City Agreement, signed on 14 September 2000





The overwhelming majority of the ACT's international student population is from China, with Chinese students accounting for nearly 48% of international student enrolments. The MOU with Shenzhen also fosters educational ties between our cities and the Innovation Intern Exchange Program is likely to raise the profile of Canberra's tertiary institutions amongst Shenzhen's student population.

The ACT Government's 2020 Tourism Strategy identifies China as a key international market. In consumer demand testing 42% of respondents from China expressed a desire to visit Canberra. Canberra's visitor economy also benefits from visiting friends and relatives associated with international students. Direct international flights to the Asian hub of Singapore will also open up access to China and increase the attractiveness of Canberra as a tourism destination.

While the ACT is largely a service-based economy, the Canberra region does have a thriving boutique wine industry that is forging an international reputation. Australian wines already have a strong foothold in China representing 14% of the market share in volume and 23% of the total value.²¹ With wine exports to China set to become duty-free under ChAFTA, there are substantial growth opportunities for Canberra wineries.

Austrade has a strong in-country presence in China, with offices covering the North (Beijing, Qingdao, Shenyang), South (Guangzhou, Shenzhen), East (Shanghai, Nanjing) and West (Chengdu, Wuhan, Kunming).

What we will do

The ACT Government will continue to foster formal relationships with Beijing and Shenzhen and promote informal relationships in the wider Guangdong region. Activity will focus on:

- growing international education partnerships with the education sector through StudyCanberra.
- growing international visitation in partnership with Tourism Australia and travel trade through VisitCanberra.
- leveraging the established relationship with Shenzhen to provide opportunities for the start-up ecosystem, attract venture capital and create innovation and R&D partnerships.
- promoting and leveraging opportunities linked to the Australian Government 'Landing Pad' in Shanghai.
- supporting regional freight opportunities and product exports to China with our partners in the CBR Region.

²¹ Austrade, Wine to China



UNITED STATES OF AMERICA

Australia's relationship with the US is one of its closest and most enduring. There is strong formal cooperation between our countries across a range of areas, particularly in defence and security. The expertise that the US has in knowledge economy sectors and its strong culture of innovation, coupled with it being the world's largest economy, explain why the US is a priority market for the ACT.

The US is Australia's second largest export market for services and the largest foreign supplier of services. Foreign Direct Investment in Australia by the US amounted to over \$1.63 trillion in 2015. The ACT has strong business links to the US and is the country with which ACT businesses engage the most.

The Australia-United States Free Trade Agreement (AUSFTA) entered into force in 2004. AUSFTA eliminates tariffs on all non-agricultural exports²² and with respect to trade in services, contains a National Treatment Obligation as well as a Most-Favoured Nation treatment provision. It also gives Australian companies access to the federal government procurement market and the government procurement markets of 31 US States. Under AUSFTA, as an incentive to encourage investment, private US businesses can acquire Australian businesses in non-sensitive areas with assets less than \$1 billion without having to seek approval through Australia's foreign investment screening regime.

The continued commitment by Australia and the US to cooperate on defence science and technology and to pursue innovative collaboration in these fields was reaffirmed at the Australia-United

States Ministerial (AUSMIN) Consultations in 2015. The ACT has extensive expertise in the defence and security sector and a number of US defence primes have offices in Canberra. This places Canberra in a strong position to leverage the broad strategic defence relationship between our countries.

The Australia-United States Ministerial (AUSMIN) Statement also outlines the shared expectation that collaboration on innovation, energy, science, technology, space and health would continue. All of these areas are common to the ACT key capability areas. Certain US states and cities are globally recognised for their expertise and industry in these areas and should be targeted within the US market.

California is renowned for its innovation and ICT sectors with more high tech jobs than any other state in the US.²³ San Francisco was chosen as one of the 'Landing Pad' locations under the Australian Government's National Innovation and Science Agenda primarily because it remains the epicentre of global technology innovation. California also has a prominent renewable energy industry and is an important contributor to the US aerospace industry, with three out of ten NASA Centres located there.

Texas is the traditional bastion in the US for the energy sector and aerospace industry. Although oil and gas is the mainstay of the sector, renewable energy is gaining standing in Texas, supported by the State Government's Texas Emerging Technology Fund which was established to promote research, development and commercialisation of emerging technologies.

²² Two thirds of all agricultural tariffs were eliminated on entry into force of AUSFTA in 2005. All tariffs on agricultural goods will eventually be removed (by 2023 at the latest) with two exceptions: dairy and sugar.

²³ State of California Business Investment Guide 2016



Texas is, of course, home to NASA's world-famous Johnson Space Centre and the location of multinational aerospace companies, many of which also have a presence in Canberra.

Colorado also has a strong aerospace industry that is recognised for innovation and research.²⁴ It ranked as the third-largest space economy in the US in 2013 and the industry is supported by four military commands, eight major space contractors (including Boeing, Lockheed Martin, Northrop Grumman and Raytheon), NASA research activities and several universities involved in space research.²⁵ The city of Golden in Colorado hosts the National Renewable Energy Lab (NREL). NREL is the US Department of Energy's only laboratory committed to research, development, commercialisation and deployment of renewable energy and energy efficiency. It received \$US357 million in funding in 2015. NREL collaborates with the Australian Solar Institute within the Australian Renewable Energy Agency and the Australian Government supports the NREL's Clean Energy Solutions Centre which helps developing countries advance clean energy policies and solutions.

Like Canberra, Washington DC (DC) is diversifying its economy to reduce its reliance on the public service,²⁶ while still leveraging the advantages that come from being a capital city at the heart of decision-making power. Home to 16 universities and several hundred government and private sector research institutions,²⁷ and with a reputation for supporting start-ups, DC has a growing innovation and high-tech economy.

Austrade has a strong in-country presence in US, with offices in Boston, Chicago, Houston, New York, San Francisco and Washington DC.

The US is ranked 7th for ease of doing business in the World Bank report *Doing Business 2016*, and is ranked 1st among countries with populations of more than 100 million.

The US - which already has a strong reputation when it comes to fostering entrepreneurship through access to capital (particularly that provided by angel investors and venture capitalists) is placing even greater emphasis on this through the Startup America initiative.

What we will do

The ACT Government will focus on programs that grow export opportunities and promote investment in our key capability areas. Short term priorities include:

- promoting and leveraging opportunities linked to the Australian Government 'Landing Pad' in San Francisco.
- delivering targeted programs that promote opportunity for investment in priority areas, particularly, cyber security, space and spatial science, defence, ICT and renewable energy.
- linking trade mission activity to Australian Government initiatives or major trade events that enable business to business connections.
- ensuring city to city engagement continues to enhance relationships already established with San Francisco, Washington DC, Austin and Portland.

24 The Colorado Office of Economic Development and International Trade reports that 69 Colorado companies have won technology and commercialization grants since 2001 from NASA and a further 193 companies have won grants to develop technologies for the Department of Defence.

25 The Colorado Office of Economic Development and International Trade, Aerospace industry profile.

26 Office of the Deputy Mayor for Planning and Economic Development, Washington DC Technology and Innovation Profile.

27 Washington DC Economic Partnership, Technology Initiatives

JAPAN

Japan and Australia enjoy a close bilateral relationship and have strong commercial ties. Japan is Australia's ninth largest export market for services and sixth largest foreign supplier of services. Foreign direct investment in Australia by Japan amounted to \$85.9 billion in 2015.

The Japan-Australia Economic Partnership Agreement (JAEPA) entered into force in 2015. When fully implemented, more than 97% of Australia's exports to Japan will receive preferential access or enter duty free. JAEPA also supports further growth of Japanese investment into Australia by liberalising the screening threshold at which private Japanese investment in non-sensitive sectors is considered by the Foreign Investment Review Board.

Japanese investments in our economy are significant. Japanese investors are one of the largest holders of ACT Government bonds. Japanese companies have and continue to make important investments into Canberra. For example, the Mitsubishi Corporation have recently made a long-term commitment to the light rail project.

Canberra is fortunate to have a Sister City relationship with the city of Nara which has driven educational, sporting and cultural activities for over two decades. While there has been a degree of focus on business, the sister city relationship could foster deeper exchanges in this area. For example, since instituting the Nara Prefecture Energy Vision in 2012, increased emphasis has been placed on the renewable energy sector.

Nara Prefecture is also home to the Nara Institute of Science and Technology (NIST), a top ranking national graduate university focusing on information science, biological science and materials science. NIST collaborates with industry and government and also actively pursues international collaboration.²⁸

Austrade has offices in Tokyo, Osaka, Sapporo and Fukuoka.

Japan ranked 34th for ease of doing business in the World Bank report *Doing Business 2016*.

What we will do

The ACT Government will focus on growing the profile of the CBR brand in the Japanese market. Short-term priorities include:

- further promoting the Nara-Canberra sister city relationship.
- exploring potential opportunities in Japan's renewable energy sector.
- Maintaining our deep financial connections particularly in relation to Government bonds.

²⁸ NIST has Academic Agreements in place with 84 overseas universities.





PRIORITY CITIES

Within the five immediate priority markets, certain cities have been identified for targeted engagement. Priority cities are cities where there is likely to be strong demand for goods and services produced by the ACT's key capability areas, investors interested in investing these industries, and a large number of businesses working in the ACT's key industries. Based on the above considerations, the following markets are likely to be targeted:

	New Zealand	United States	China	Singapore	Japan
Now	Wellington	San Francisco Washington D.C.	Shenzhen Guangzhou	Singapore	Tokyo
Next		Austin Denver	Beijing Shanghai		
Future	Auckland	Portland	WuHan		Osaka

Now

'Now' identifies cities which provide immediate advantage to the ACT in terms of strategic importance as gateways to the country, accessibility in terms of transport and willingness to engage and alignment across all or multiple ACT target capability areas.

Next

'Next' identifies cities where the ACT Government will foster relationships to open further opportunities in the city. 'Next' cities have close industry alignment to ACT Government strategic priorities, strong existing trade relationships, symbolic Territory and Federal government partnerships, and a degree of existing commercial and trade relationships. Generally, these cities have strategic importance but are yet to introduce direct, access to the ACT.

Future

'Future' identifies cities with potential capacity to align with the ACT Government strategic vision. This is not an exhaustive list of all opportunities but it does provide an indication as to the where support may be directed in the future. The ACT Government will consider opportunities in other cities on a case-by-case basis. The ACT Government will conduct a review of the International Engagement Strategy in two years.

CANBERRA AND THE ASIAN CENTURY

Canberra enters the Asian Century with important assets and relationships. We must consolidate and foster closer ties with Asian countries to develop greater economic opportunities. It is therefore important to acknowledge the importance of the value of developing deep relationships with the Asian region broadly.

The Asian Century will see Asia become not only the most populous region within the world; it will be the biggest economic zone, largest consumption zone and home to the majority of the world's middle class. The drivers of growth, population, participation and productivity are all converging to create an economic powerhouse on our front doorstep. The most significant and important of these is productivity. Asia is developing a highly skilled workforce, increasing levels of schooling, adopting and proliferating new advanced technologies. Noting the substantial gap between per capita output in Asian countries and advanced western economies such as the US and Australia, there is substantial growth to come.

Already, the Asian region accounts for approximately 40 percent of the global economy. 11 of Australia's top 15 two-way trading partners are from the Asian region. For the ACT Government, where there are strong capability area opportunities, we will seek to grow the trade, investment, social and cultural relationships with our Asian region neighbours.

Canberra's key sector capabilities provide a base to explore opportunity in the Asian region where opportunity arises. Different parts of the region stand to provide specific opportunities in respect to education, tourism, investment, services and goods exports, arts and culture, innovation and technology.

The future potential of engaging with **India** is considerable. Its economic indicators are strong and it is forecast to be the fastest growing economy in the world from 2016. India is Australia's sixth largest export market for services and 13th largest foreign supplier of services. Foreign direct investment in Australia by India amounted to \$1.5 billion in 2015.

Despite the Australia-India economic relationship growing in recent years, there are still major barriers to trade, including high tariffs and administrative barriers to trade.²⁹ Negotiations to conclude a Comprehensive Economic Cooperation Agreement between Australia and India began in 2011 and are ongoing. The conclusion of such an agreement will be taken into account monitored by the Office of International Engagement and may provide a catalyst for increased engagement in the future.

In the interim, the Office of International Engagement, in conjunction with StudyCanberra and VisitCanberra, will explore engagement with the Indian market as part of their education and tourism strategies.



11 OF AUSTRALIA'S TOP 15 TWO-WAY TRADING PARTNERS ARE FROM THE ASIAN REGION.

India is the 2nd largest source country for overseas students in Australia and the ACT (behind China) and education-related travel contributed just under \$2.1 billion to Australia's economy in 2014-15.³⁰

AUSTRADE has offices in New Delhi, Ahmedabad, Bangalore, Chandigarh, Chennai, Hyderabad, Jaipur, Kochi, Kolkata and Mumbai.

As the largest of the ASEAN economies and with strong consumption growth driving its economy,³¹ engagement with **Indonesia** will be of increasing importance to the ACT. Indonesia is Australia's twelfth largest export market for services and eighth largest foreign supplier of services.

Negotiations to conclude an Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), which began in 2010, were reactivated in 2016. It is anticipated that the agreement will address impediments to bilateral trade and investment. Opportunities exist in several of the ACT's key capability areas including education, ICT and healthcare.³²

The direct aviation connection through Singapore opens Canberra to the Asia region, enabling easy two-way people and goods movements and trade and investment opportunities. For example, Malaysia as Australia's second largest ASEAN trading partner and with its close proximity to Singapore provides potential to grow tourism and education exports.

The Republic of Korea has a highly industrialised and internationally competitive economy, and a well established trading relationship with Australia. It is Australia's tenth largest export market for services. The ACT's education sector could also benefit from deeper engagement with Korea, which is the fourth largest source country of international students in Australia and the third largest in Canberra.³³ Korea also presents opportunities for promoting investment in the renewable energy sector.

Australia continued its growing relationship with **Thailand** following the establishment of Thailand-Australia Free Trade Agreement. The growing affluence of people of Thailand, similar in **Vietnam** represents an opportunity for enhanced trade and cultural linkages.

India ranked 130th for ease of doing business in the World Bank report *Doing Business 2016*.

What we will do

- Encourage Canberra-based businesses with an interest in the Indonesian market to engage in DFAT's public submissions process
- Build relationships to facilitate business opportunities once the IA-CEPA is concluded and in effect.
- Grow international education partnerships with the education sector through Study Canberra in relevant markets in partnership with the education sector.
- Explore opportunities linked to the priority sector of renewable energy in South Korea.

The ACT Government will focus on growing the profile of the CBR brand in the Indian market. Short-term priorities include:

- encouraging Canberra-based businesses with an interest in the Indian market to engage in DFAT's public submissions process
- growing international education partnerships with the education sector through StudyCanberra.
- growing international visitation in partnership with Tourism Australia and travel trade through VisitCanberra.

29 DFAT, India Country Brief

30 DFAT, India Country Fact Sheet

31 Austrade, Indonesia Market Profile

32 ibid

33 StudyCBR Study Canberra?, Canberra: Australia's Education Capital



Important markets for ACT engagement in Greater Asia

Recognising the importance of the Asian region (beyond China, Singapore and Japan) to Canberra this century, the table below provides audit of the results of the current economic relationships. Subsequently, we have identified significant priority sector alignment within a number of these markets for further trade and investment opportunities.

	India	S.Korea	Indonesia	Malaysia	Thailand
Established FTA		✓		✓	✓
Rank as national two way trading partner	9	4	12	10	8
Rank as source of international investment into Australia (top 20)		15		18	
Rank as source of international investment by Australia (top 20)	18	16			
Source of international visitors (national)	9	8	12	7	17
Source of international students (national)	2	4	8	5	7








Source:

Department of Foreign Affairs and Trade, Australia's Trade in Goods and Services by top 15 partners 2015

Department of Foreign Affairs and Trade, Which Countries Invest in Australia? 2015

Department of Foreign Affairs and Trade, Where Does Australia Invest? 2015

KEY CAPABILITY AREA OPPORTUNITIES BY TARGET MARKET

	India	Malaysia	S.Korea	Indonesia
 Education and Research	✓	✓	✓	✓
 Tourism	✓	✓		
 Defence and Cyber Security			✓	
 Renewable Energy			✓	
 ICT e-Government	✓			✓
 Space and Spatial Science				
 Health and Sports Science	✓			

BROADER GLOBAL ENGAGEMENT

The ACT Government will look to maintain our historical relationships in countries across Europe and the United Kingdom. We will on a case-by-case basis look to create and grow relationships with countries and companies where our joint interests closely align. Moreover, we will partner with the Australian Trade and Investment Commission (Austrade) and the Department of Foreign Affairs and Trade to promote the ACT's international trade and education, investment, and tourism interests. Our partnership with Australian Government may see broad activities in the Arab States of the Gulf Coast, the Pacific Alliance and through the broader Trans-Pacific Partnership Agreement. We will further our relationship with the Australian Government and our significant infrastructure program to build the ACT's reputation globally.

Inward requests for formal city to city relationships

As the international awareness of the Canberra brand increases, the ACT Government is likely to receive proposals from other cities for a variety of formal relationships. The ACT Government will consider such requests in view of its resources in line with the following principles:

- Strategic national and city criteria outlined under International Target Market criteria.
- The level of demonstrated commitment to a genuine and ongoing relationship with the ACT
- Capacity of the ACT Government to commit to an ongoing relationship relative to existing relationship efforts.



CONCLUSION

The ambition of Canberra—to be an international city of global recognition and prestige—requires vision and coordination. The Office of International Engagement was established to cultivate enduring international relationships that will deliver on this ambition to benefit of all Canberrans. The office will serve to work across the ACT Government directorates and business units, including Invest Canberra, VisitCanberra and Study Canberra to deliver coordinated international engagement.

The 2050 ambition for an international city recognises that Canberra requires coordinated activity across four directions:

- Attracting and retaining talented people with STEaM skills.
- Continuing to open and diversify our economy in our capability areas.
- Delivering world-class metropolitan infrastructure to facilitate the increasing business and cultural interactions occurring in heart of global cities.
- Embracing the digital mindset to deliver world-class smart city initiatives.

The ACT Government's international engagement will focus on growing our priority where the ACT Government has competitive advantages in a 21st century knowledge economy:

- ICT and e-Government
- Renewable Energy
- Space and Spatial Science
- Defence and Cyber Security
- Tourism
- Education and Research
- Health and Sports Science

Our five priority markets centre on Singapore and New Zealand with our direct international flight connections, and close cultural and economic relationships. Regions within China and the US provide close alignment with priority sectors and coordinated activity in each of these five markets represents the foremost area of international engagement within the ACT's resources. We will continue to foster our formal Sister City relationships in Japan, China and New Zealand.

The ACT will look to grow our relationship with our Asian neighbours. The ACT Government recognises the Asian century is underway and the growth in economic, cultural and strategic significance that our neighbour countries are undergoing.

The International Engagement Strategy delivers a framework for coordinated international engagement, maximising the strategic opportunity of our resources to deliver an internationally recognised and prestigious city: Canberra.



OFFICE FOR INTERNATIONAL ENGAGEMENT

GPO Box 158 Canberra ACT 2601
13 22 81 / act.gov.au/international / CIE@act.gov.au