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**CASE STUDY**

Results from a feasibility study conducted with the help of O&L Consultancy allowed Utopia to adjust their target group and positioning for the Australian market.

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Bilateral trade between Australia and Singapore reached an estimated US\$14.5 billion in 2007. Singapore is currently Australia's largest trading partner in Southeast Asia.

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**MARKET FOCUS**

**Australia: Growth Opportunities Amidst Economic Gloom**

*International Enterprise (IE) Singapore's North Asia & Pacific Division offers tips and insights*

The global economic downturn has impacted Australia significantly. Gross domestic product is expected to drop to 1.2 percent this year from 2.1 percent in 2008. Australia's export volume is also likely to drop, as the country's top export partners, Japan and China are also experiencing a slowdown in their growth. This has reduced the demand for raw materials resulting in a weakening of prices.

Despite the current climate, Australia is seen to be in a relatively better position than most other countries due to the flexibility of the government in its policy reforms and the stability of its financial system.

With rich resources, multi-lingual workforce and excellent product innovation, Australia holds numerous opportunities for foreign investors, especially in sectors such as food and beverage, information and communication technology (ICT), real estate, environment and infrastructure.

**inews** interviewed Lynne Loh of IE Singapore's North Asia & Pacific Division to gather more insights on how Singapore companies can turn these opportunities into business success.

**Q: What factors make Australia a favourable environment for foreign investors?**

**A:** The current downward pressure on asset prices in property and business is a significant pull factor for Singapore-based companies to consider investing in the Australian market. Aside from this, the country's stable and sound banking system also makes it a favourable location for businesses looking to expand. Companies might face tighter regulations on loan access due to the spate of financial frauds in the global banking sector. However, most big banks in Australia have unique packages designed for franchises and teams who specialise in franchise lending.

The economic framework is generally open and transparent, supported by business-oriented corporate regulations. The business-friendly climate is evident not only from the low barriers to trade and investment, but also from the efficient processing of administrative duties and licenses. According to the World Bank, a new business can be established in Australia within two days compared with an Organisation for Economic Co-operation and Development (OECD) average of 20 days.

**Q: What are the potential risks and challenges that Singapore companies may face in their expansion to Australia?**

**A:** It is always easier to gain market entry by partnering with local enterprises in the market. Companies could build alliances with established local organisations to enhance their credibility. Networking is thus an important skill to master and cultivate. The huge advantage of doing business in Australia is the lack of language barriers, since this cosmopolitan country has the most multilingual workforce in the Asia-Pacific region.



**Industry Hotspots**

**Oil and gas** - There are growing opportunities for Singapore's offshore supply vessels (OSV) operators to provide supporting services such as multi-purpose supply vessels, platform supply vessels and utility boats to the Australian market.

**Biotechnology** - As Australia's population ages, demand for home care, do-it-yourself therapeutic equipment, supplements and healthcare products will also increase.

**ICT** - Australia's vibrant ICT industry creates partnership opportunities between Australian and Singaporean companies in areas such as e-commerce, e-government, hardware manufacturing and software development.

**Renewable energy** - Australia has committed to reduce 60 percent of its greenhouse gas emissions by 2050 and is targeting to generate 20% of its energy from renewable sources by 2020. These moves will promote innovations and investments in this sector.

**FEATURED IADVISOR**



Name: Sunny Chia  
Company: UPS  
Expertise: Import/Export  
Market: Asia Pacific, Europe

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**Q: Generally, what are the initial steps that Singapore companies should take when expanding to Australia?**

**A:** Singapore-based companies should conduct due diligence before embarking on any expansion plan. It is crucial to gather information about the Australian context and engage on-the-ground expertise. They should take advantage of the resources and preliminary advice available through the different channels provided by IE Singapore's advisory programme. The programme can shorten the internationalisation learning curve of Singapore businesses by providing access to market intelligence that is otherwise tedious to gather.

**Q: In what ways can the IE Singapore office in Australia assist Singapore companies?**

**A:** We offer a diverse range of services, such as introducing companies to various sources of market intelligence and expertise, assisting them in finding partners and funding initiatives to aid Singapore companies in doing business overseas. Our financial incentives such as Double Tax Deduction and the Internationalisation Finance Programme are popular with Singapore businesses that are expanding into overseas markets.

For more information, please visit [IE Singapore website](#).

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