



Building stronger Territory trade

The Northern Territory economy is particularly reliant on exports and the Government is keen to broaden the base via its ongoing international trade strategy, writes Domini Stuart

On a per capita basis, the Northern Territory exports around four times the national average. It is estimated that 45 per cent of all income accruing from labour and capital comes from exports.

“Trade growth is essential to ensure the future economic development of the Northern Territory,” says the Hon Paul Henderson MLA, Minister for Asian Relations and Trade. “Our challenge is to take the next major steps together to broaden and strengthen our international trade and capitalise on the Territory's competitive advantages.”

The Government's response to the challenge was the International Trade Strategy, *Building Stronger Territory Trade 2002 – 2007*.

The strategy identifies five interlocking elements.

1. **Building Northern Territory trade capability** – developing export enterprise, trade knowledge and skills, growing the major Territory export sectors and trade planning and development in emerging sectors.
2. **Developing market awareness and overseas markets** – improving the flow of up-to-date trade market intelligence to business, industry associations and Government agencies.
3. **Securing international investment** – drawing on Invest Australia and other relevant agencies to help secure foreign investment into the Northern Territory.
4. **Expanding Australasia trade routes** – including the rail link with the national network and the expansion of the Port of Darwin.

5. **Capitalising on Government links, services and support** – improving the value of, and access to, Government support activities, strengthening the effectiveness and focus of international links and representation, and ensuring that business assistance programs for exporters are appropriate and effective.

Three years into the program, the East Arm Wharf has been extended. The \$1.3 billion AustralAsia railway now links Darwin to southern Australia through Alice Springs. And the purpose-built Darwin Business Park is complete.

“It’s going well – we’re on track for all of the targets we set,” says Henderson.

“We’ve had a particularly positive response to the *Trade Support Scheme*, which was introduced to help smaller businesses and first time exporters get off the ground. In the last year alone we’ve had 189 applications, and we’ve allocated \$485,000 in mainly dollar-for-dollar financial support. That’s up from \$80,000 when we came to Government.”

Partnerships opening doors

For James Taylor, Managing Director of Aerosail™, the Trade Support Scheme has meant the difference between getting on a plane and staying home.

“If you want to export, you have to travel,” he says. “You have to meet the people you’re doing business with face to face. That’s a lot easier when half of your out-of-pocket expenses are being paid for.”

Established in Darwin in 1988, Aerosail has pioneered the use of shade cloth and PVC membranes for functional and aesthetically-pleasing shade structures.

“Every year we build between 500 and 1,000 structures that range in size from 15 square metres up to 2,500 square metres,” says Taylor. “Overseas, we mainly create shade for basketball courts and swimming pools – though we are also working on an innovative project with a Thai company, designing and building re-locatable resorts. They’re very upmarket, but you can literally pack them up and leave nothing behind. That makes them ideal for ecologically and politically sensitive areas.”

Taylor believes that forming partnerships is the key to exporting successfully. “Virtually everything we’ve done overseas has been in partnership with a local company,” he says. “That makes it easier to deal with political and cultural issues, and also to understand the market and commercial issues. As an outsider there’s a lot you just can’t know - and I’m sure that’s why many new exporters run into trouble. They think that, because something is right in Australia, it will be right overseas, but it just doesn’t work that way.”

When Aerosail started exporting in 2000-2001, overseas sales accounted for 5 per cent of a \$50,000 turnover. This year exports will account for 40 per cent of a \$500,000 turnover. Surprisingly, Taylor’s major obstacle is getting product to market by sea.

“The only regular service from Darwin goes to Singapore, and we need to go further east – to Brunei, the Philippines or China,” he says. “At the moment we’re having to go via Brisbane or Perth, which means paying two lots of freight. That makes it very difficult to build a market.”

The Minister is aware of this problem. “We are currently trialling a direct shipping route between Darwin and Shanghai,” he says. “And, by the middle of the year, we’re aiming for a dedicated Darwin – Jakarta – Surabaya service, which would also open up the way to Kalimantan.”

Smoothing out seasonal demand

Dean Walkley is Managing Director of Moeco, a company which manufactures high quality organic-based fertiliser and pesticide. “Our sales are very seasonal,” he says, “the Australian business falls dramatically between December and May. Since the business began in 1994 we’ve been on the lookout for customers in the northern hemisphere to generate year-round demand. Now our organic pesticide is close to being certified for use in Thailand.”

Moeco developed the pesticide for use in rural areas, where mango farmers were spraying a lot of poison around. “We could see that their neighbours were suffering – a lot of people had asthma and other allergies. We thought there must be a better way.

“It took us 3 years to get Neemtech registered,” he continues. “Now the Australian Health & Environmental Authorities consider it safe enough to handle and apply without special precautions – you can simply wash hands with water after use. There are no poisonous residues, and there’s no withholding period. You could spray it on to vegetables or fruit, then wash them and cook them right away.”

As a member of the local Chamber of Commerce, Walkley was aware of the international business meetings held 2 or 3 times a year. In 1999 he joined a delegation to the Philippines, where his products attracted a great deal of interest.

Unfortunately, the logistics were impossible. “The Government insisted that we bought a plot of land, found someone to grow our target crop, used our product and then did tests every month,” he says. “It would have cost us \$30,000 not counting a few underhanded payments, so we said it’s not for us.”

In 2002 he joined a second delegation, this time heading for the Singapore Food Hotel Expo. Again, there was a good initial response but much follow up. Eventually, it was a personal introduction to a potential Thai partner set the ball rolling.

“Over the past 3 years overseas sales have increased significantly,” says Walkley, “and they’re bound to leap up as soon as we’re registered in Thailand. We’re considering starting a manufacturing plant there.”

Like Taylor, Walkley has found the Trade Support Scheme useful. “It’s good for people who are starting out,” he says. “It fills the gap between zero and the \$15,000 you need to qualify for Austrade’s Export Development Marketing Grant.”

Austrade have also been helpful. “The Austrade rep in Malaysia put us in touch with people in the area. Now we’re sending samples in the hope of getting into the massive palm oil plantations.”

That isn’t necessarily as easy as it sounds – one of the biggest problem Walkley has had to face is getting samples through customs. “I recently sent samples to Malaysia and Thailand two weeks before I went on a visit,” he says. “One was released from Bangkok the day before I left, and the Malaysian was still sitting there when I got home.”

The perfect export

David Curl believes that his is the epitome of an Australian export business. 100 per cent sustainable and renewable, it doesn’t adversely affect the environment in any way. It can be run from anywhere without the back up of big industry – and his product has a market of millions in over 50 countries. He makes wildlife documentaries.

“The TV industry is an extraordinary beast – you can export to any country that has television,” he says. “Nothing else in Australia can do that, yet it’s hugely underrated at Government level. They tend not to think of creativity as a lucrative export. Yet look at us – a tiny company in Alice Springs making films that can reach 100 million people. There is no industry in the Northern Territory that gives a better return on Government money.”

Trained as a zoologist at Oxford and Monash Universities, Curl has lived in the Northern Territory since 1987. His company has a reputation for producing wildlife films of the highest calibre. They win top international awards at film festivals, get top ratings for international broadcasters – and generate a substantial export income.

“In Australia we tend to think of wildlife documentaries as either cute or obscure, but it’s probably the most successful genre of television anywhere,” he says. “Names like Discovery, National Geographic, David Attenborough are known all around the world. And the types of films we make have a particularly large international market – just translate the narration and they can be shown anywhere.”

Curl argues that wildlife films not only attract millions of dollars in revenue from overseas sales, they bring in millions more from tourism at the same time as blazing a trail for other exporters.

“The tourism industry has a formula for calculating the value of any publicity gained through their Visiting Journalist Program,” he says. “This is based on how much it would cost to buy advertising in that particular medium, and taking into account the fact that

editorial is far more valuable than advertising. Using these tourism industry calculations, each successful wildlife film we make is worth over \$200 million.

“There are also enormous cultural benefits,” he continues. “Currently I’m working on a film about Uluru which could be seen by 200 million people. Our industry gives Australia a status in the world – a status that will benefit every other exporter. It’s a lot easier to sell widgets into a country when they know something of Australia because they’ve seen it on TV.”

In spite of the evidence, Curl believes that TV and film are still considered too offbeat for most governments to take seriously. “We get very little government support,” he says. “In fact, one of the major issues we face is that it is institutional for Australian government at Federal, State and Territory levels to provide massive financial and logistic support to our overseas competitors.”

Territory Exports at a glance

- Merchandise exports for 2003-04 were valued at nearly \$1.9 billion.
- Key merchandise exports include mineral ores, predominantly bauxite and alumina, manganese, zinc/lead concentrate and uranium, and live cattle.
- Oil exports accounted for 47% of total merchandise exports
- Over 50 percent of the Territory’s merchandise exports were to South East and North East Asia which included Singapore, China, Korea, Japan and Indonesia.
- Services exports represented approximately 13% of total Territory exports and included tourism, travel, transport, education, health, information/communication/technology, financial, professional and other services.

Source: International Trade Strategy