

## **"It has much to lose" if Australia ignores opportunities in Asia**

CANBERRA, Sept. 12 (Xinhua) -- A new report Wednesday warns that if Australia does not seize its opportunities in Asia beyond mining, "it has much to lose" -- chiefly, its future growth prospect.

The report, *Imagining Australia in the Asian Century*, was published by Boston Consulting Group (BCG), which produced it in conjunction with the Business Council of Australia, reveals that Australian non-resource sales to Asia have slumped 14 percent, from 3.1 percent of all such regional purchases to 2.8 percent, even Australia's mining and energy sales to Asia have soared over the past decade.

It focuses on 13 Australian companies from diverse sectors, whose experience in Asia describes how Australian firms have found pathways to success by adapting their business models in response to lessons about the importance of specialization, relationships and adaptability.

"The difference between the current trend of decline and a return to a 3.1 percent share could be an additional \$127 billion in non-resource exports by 2021," BCG managing director Ross Love said releasing the report.

Australia's resource exports comprise more than 60 percent of all Australian sales to the region, worth more than three times their value a decade ago. And just four countries buy 80 percent: China, 40 percent, Japan 20 percent, South Korea 12 percent, and India 9 percent.

The non-resource markets in Asia are far more diverse, with China the biggest customer at 13 percent, Japan at 8 percent and South Korea at 5 percent.

These non-resource exports come in three broad groups, each worth about \$20 billion -- farm products, down 4 percent over the decade, manufactures, down 12 percent, and services, chiefly education and tourism, up 16 percent.

The fastest-growing exports to Asia have been cereals, education-related travel charges, pharmaceuticals, and general business services. Australia's investment in Asia totalled \$74 billion, including both direct and portfolio holdings, in 2011, about double the value a decade earlier. But 22 percent below its peak five years ago.

Australia places less than 10 percent of its foreign investment in Asia, the engine of the world's growth, and the location of seven of its top ten export targets.

In 20 years' time, the report expects many major Australian firms are likely to be integrated into Asian economies, operating in essence as regional rather than national business.

"Beyond the tremendously important growth of our resources industry, we believe we can create a future of a fully engaged Australian economy and society by studying those who are getting on with it," Love said.

