



Australian Government
**Department of Industry,
Innovation and Science**

Background Briefs

Bangladesh, India and Singapore



FOR THE VISIT BY
MINISTER MATTHEW CANAVAN
MINISTER FOR RESOURCES AND NORTHERN AUSTRALIA
25 – 31 AUGUST 2019

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GUIDANCE FOR BACKGROUND BRIEFING

- Briefing should include information relevant to Australia's engagement with the international partners on the specific matter, as well as key points relevant to the country's industry.
- Briefings are to be no more than two (2) pages (as specified by the Executive).

VISIT OVERVIEW

Overview

- Bangladesh has experienced significant economic growth as the industrial sector continues to grow, buoyed by garment exports. Recent improvements to energy infrastructure, including the start of liquefied natural gas imports in 2018, represent a major step forward in resolving a key growth bottleneck for the economy.
- India is Australia's fifth largest export market, and a key destination for Australian coal, LNG, and copper. As the world's fastest growing major economy, India's projected growth will keep resources trade high in our bilateral economic relationship.
- India is of first order importance to Australia as a major bilateral partner and as a country that will influence the shape of the regional order. Beyond an increasingly important economic relationship bolstered by the India Economic Strategy, Australia and India have congruent security interests including in upholding international law.
- Singapore is an important international financial and trading hub for the resources sector and several Australian resources companies have a presence and utilise it as a regional or global base. As a global innovation leader, Singapore has shown interest in importing hydrogen as a fuel source.

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India:

- Encourage, and demonstrate support for, Indian investment in Australia's resources sector.
- Build and strengthen positive relationships with counterparts in the Indian Ministry and discuss trade and investment opportunities.
- Build Australia's reputation as a reliable supplier of high quality thermal and metallurgical coal, building on the momentum of Adani's investment in the Carmichael Coal Mine, the biggest commercial investment from an Indian company in Australia.
- Confirm Australia as an investment destination for critical minerals and explore emerging opportunities to support India's need for minerals critical to their defence and space capabilities, as well as other economic sectors.
- Create awareness in India of the benefits of greater economic engagement with Australia as part of your role as Champion for the resources and METS sectors under the India Economic Strategy.
- Support the new Consulate General in Kolkata which will focus on economic diplomacy in the resources and METS sectors.

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SINGAPORE – RESOURCES OVERVIEW

Key Points

- s33 [REDACTED]
- Natural gas provides 95 per cent of Singapore’s electricity generation fuel mix. Australian LNG exports to Singapore were worth \$2.7 billion in 2018.
- Singapore is Australia’s largest trade and investment partner in South-East Asia and our seventh largest two-way trading partner overall.
- In addition to LNG, Australia’s major exports to Singapore in 2018 were crude petroleum (\$1.6 billion), gold (\$1.2 billion) and refined petroleum (\$588 million).
- Singapore has become one of the most important shipping centres in Asia and is one of the world’s top five oil trading and refining hubs. It has a refining capacity of nearly double its rate of petroleum consumption.
- Singapore also has a large oil drilling equipment industry and is a world leader in the construction of exploration and production platforms.
- The Singapore-Australia Free Trade Agreement (SAFTA) is a central pillar of our economic relationship. In addition to tariff elimination, SAFTA improves increased market access for Australian exporters of services.

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Background

Hydrogen

- Singapore is particularly interested in hydrogen as a clean energy source to replace LNG for fuelling its power plants while eliminating 60 per cent of its emissions.
- The scale of Singapore’s hydrogen demand potential is unknown but interest is emerging. In June 2019, the Singapore Prime Minister’s Office commissioned a study on *Hydrogen Imports and Downstream Applications for Singapore*.
- The National Hydrogen Strategy Taskforce identified Japan and Korea as priority export markets, and noted that Singapore and Taiwan are also potential markets for Australia’s hydrogen exports.

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Consultation:

HYDROGEN

Key Points

Singapore could emerge as a key hydrogen market and Australia can position itself as a partner of choice. Australia as a global energy powerhouse is well positioned to play a key role in the emerging global hydrogen energy market, including in Singapore.

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Background

Scale of potential demand in Singapore

The scale of Singapore's hydrogen demand potential is unknown but interest is emerging. In June 2019, the Singapore Prime Minister's Office closed a tender for a consultancy study on Hydrogen Imports and Downstream Applications for Singapore.

Natural gas provides 95 per cent of Singapore's electricity generation fuel mix: a mixture of piped gas from neighbouring countries and LNG imports.

- Replacing hydrogen for 10 per cent of Singapore's piped natural gas supply would be comparable to Japan's 2030 target of 300,000 tons.

As Singapore is an "energy poor" country that is reliant on fossil fuel imports, they are more likely to import clean hydrogen rather than produce it domestically.

Australia's potential as a hydrogen supplier of choice

Hydrogen presents a major opportunity for the Australian economy. Key energy export markets such as Japan and South Korea are shifting their energy mix towards hydrogen.

International and domestic interest in hydrogen refers to 'clean hydrogen,' defined as being produced using renewable energy or using fossil fuels with carbon capture and storage (CCS).

- The COAG Energy Council has commissioned a national strategy for hydrogen, led by the Chief Scientist, to be delivered by the end of 2019. The strategy will map necessary steps for governments and industry to enable the swift development of a sustainable and commercial hydrogen industry.

Japan has set long term price targets for landed hydrogen which will likely set the landed prices for other Asian buyers.

Australia is well positioned to play a key role in the emerging global hydrogen energy market.

- We have abundant energy resources, both renewable and fossil fuels.
- We have existing infrastructure we can use to develop hydrogen export supply chains.
- We have some of the world's best scientists and a track record of technical prowess in commodity development.

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SINGAPORE COUNTRY BRIEF

Key Points

- Australia and Singapore have a strong, broad and vibrant relationship.
- Recognising our close engagement and alignment of strategic interests, we committed to a Comprehensive Strategic Partnership (CSP) in June 2015. This enhanced cooperation includes commitments to open markets and trade, and greater opportunities for Australians trading with, and working in, Singapore.
- Australia and Singapore have signed a range of other MoUs to enhance cooperation including on personnel exchanges, military intelligence cooperation and defence science and technology.
- Singapore is an important international financial and trading hub for the resources sector and several Australian resources companies have a presence and utilise it as a regional or global base.

Background

Bilateral Relations

- Our close relationship with Singapore is based on long-standing Commonwealth, defence, education, political, trade and tourism links, as well as on the two countries' similar strategic outlook.
- In 2015, as Singapore celebrated 50 years of independence, and Australia and Singapore celebrated 50 years of diplomatic relations, our two countries committed to a CSP to frame our relationship. The CSP encompasses all aspects of our relationship including trade and investment, defence and security, science and innovation, and people-to-people links such as education and arts.
- The Prime Minister recently visited Singapore on 7 June 2019.

Trade and Investment

- Trade and business ties between Australia and Singapore are strong. Singapore is Australia's largest trade and investment partner in ASEAN and our eighth largest trading partner overall.
- The Singapore-Australia Free Trade Agreement (SAFTA) was signed in 2003 and modernised in December 2017. The comprehensive update included new market access underpinned by new rules providing greater certainty for exporters of goods, services and investment.
- Australia has introduced a new six-year visitor visa (subclass 600) for Singapore nationals, which was made available by 1 January 2018. Australia and Singapore have also concluded a reciprocal Work and Holiday Visa Arrangement (subclass 462), which commenced on 1 August 2017.
- Singapore is Australia's sixth largest inbound tourism market by arrivals and seventh by tourism expenditure. In 2017, there were 434,300 short-term arrivals from Singapore, an increase of 1.1 per cent on the previous year. In the year ending September 2017, Singapore visitors to Australia spent \$1.5 billion.

Defence and Security

- Australia and Singapore have a strong defence relationship. We hold joint military exercises and our defence forces have personnel exchanges and policy dialogues. A major feature of the relationship is access to Australian training areas that Australia grants to the Singapore Armed Services. In 2016, Australia and Singapore agreed to enhance and expand training opportunities for Singapore Armed Forces personnel in Australia through the Australia Singapore Military Training Initiative and signed a MoU to cover this. This will ultimately be upgraded to a treaty.
- In August 2017, Australia signed a treaty to enable Singapore Air Force training at RAAF Base Pearce.

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- Australia and Singapore signed a MoU on Cyber Security Cooperation in June 2017. The MoU covers information exchange, training, sharing of best practices, and cooperation on regional capacity building and on the operationalisation of confidence building measures.

People-to-People Links

- In 2017, 8,328 Singaporean students were enrolled in Australian education institutions. In the five years the New Colombo Plan has been operating (2014-18), it has supported more than 1,600 students to undertake study and work based experiences in Singapore.
- We signed a MoU on Arts and Culture in 2015 and established the Australia-Singapore Arts Group (ASAG) in 2016. ASAG provides strategic oversight and drives our cooperation on arts and cultural initiatives.
- We also signed a MoU on Sports Cooperation in 2017 to build sports partnerships and exchanges.

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DFAT FACTSHEET – SINGAPORE

<https://dfat.gov.au/trade/resources/Documents/sing.pdf>

INDIA RESOURCES OVERVIEW

Key Points

- India is an important and growing economic partner for Australia's resources sector, through direct trade and foreign direct investment.
- India is a major market for Australia's resources and energy exports, worth \$14 billion in 2018. Major exports to India include metallurgical coal, copper and gold.
- Increasing urbanisation, rising household incomes and industrial activity will drive India's demand for greater volumes of key Australian resource commodities.
- India is Australia's largest market for **metallurgical coal** exports and is expected to become the world's largest metallurgical coal importer by 2020.
- India's **thermal coal** consumption is set to outpace domestic production, however India only accounted for 2 per cent of Australian thermal coal exports in 2018.
- India is looking to invest in **critical minerals** overseas and has flagged Australia as a potential investment destination.
- Despite significant potential in its resources sector, India's own mining sector's growth rate has failed to keep pace with other sectors, such as services.

Background

- Indian GDP growth is forecast to remain strong at 7.3 per cent in 2019 and 7.5 per cent in 2020, according to the International Monetary Fund.

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Coal

- Metallurgical coal exports from Australia to India were worth approximately \$10.5 billion in 2018.
- Australia dominates metallurgical coal imports to India, accounting for over 80 per cent of seaborne supply in 2018.
- India has very limited domestic reserves of metallurgical coal, and will need to increase imports to support the rapid growth of its domestic steel sector.
- India's power sector predominantly relies on domestic coal production, however thermal coal consumption is set to outpace production.
- India only accounted for 2 per cent of Australian thermal coal exports in 2018.
- Further background on coal can be found in the separate India – Coal brief.

Critical minerals

- Stable supply of raw mineral resources, including many of those defined as ‘critical minerals’, will be necessary for India’s growing manufacturing industry.
- A recent report for the Federation of Indian Mineral Industries (FIMI) identifies 27 critical minerals important for India’s developing and modernising economy.
- s33 [REDACTED]
- The Make in India program aims to raise the manufacturing sector’s contribution to India’s GDP to 25 per cent by 2022 (currently 16 per cent).
- Make in India covers 25 sectors of the economy, including automobiles and components, aerospace and defence, electrical machinery, electronic systems, renewable energy and space. Critical minerals will be important in the manufacture of these high tech and green technologies.
- Further information can be found in the separate India – Critical Minerals brief.

India’s Mining Sector

- India is the third largest producer of coal and fourth largest producer of iron ore globally. India is also a significant producer of chromium and graphite (both considered critical minerals by Australia).
 - India also has large reserves of iron ore, bauxite, chromium, manganese ore, baryte (used in oil and gas drilling), and mineral salts.
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Consultation:

INDIA – COAL

Key Points

- India is Australia's largest market for metallurgical coal exports and is expected to become the world's largest metallurgical coal importer by 2020.
- India's thermal coal consumption is set to outpace production, however India only accounted for 2 per cent of Australian thermal coal exports in 2018.
- Adani's Carmichael coal and rail project has been given Commonwealth approval for mining operation (removal of overburden and construction) with conditions. However, the project continues to attract significant controversy, especially from the environment movement.
- The Carmichael mine will provide thermal coal to India that is of a higher quality than domestic Indian coal or coal from some other potential exporters.

Sensitivities

- With Adani's Carmichael project being the subject of intense public debate within Australia, the resultant controversy has received significant media attention in India.

Background

Metallurgical coal

- Australia's metallurgical coal exports were worth approximately \$10.5 billion in 2018. This represents 25 per cent of the total export value of metallurgical coal.
- Australia dominates metallurgical coal imports to India, accounting for over 80 per cent of seaborne supply in 2018.
- India's metallurgical coal imports are projected to grow at an average annual rate of 5.2 per cent out to 2024, reaching 70 million tonnes by 2021.
- India has very limited domestic reserves of metallurgical coal, and will need to increase imports to support the rapid growth of its domestic steel sector.
- Steel production is expected to grow to meet rising domestic consumption. However, the pace at which India's steel sector is able to expand remains uncertain, with the sector facing ongoing financial, regulatory and other challenges.

Thermal coal

- In contrast to metallurgical, India accounted for only 2 per cent of Australian thermal coal exports (with an approximate value of \$481 million) in 2018.
- India's power sector predominantly relies on domestic coal production to meet demand.
- India's thermal coal imports grew by 18 per cent year-on-year in the March quarter of 2019. Domestic production of thermal coal failed to keep pace with the rapid growth in thermal coal consumption. Thermal coal consumption has been supported by high energy demand, due to strong economic growth.
- While the Government of India has a long-term goal to reduce thermal coal imports to zero, imports are forecast to remain at high levels in the short-term, reaching 183 million tonnes in 2021. The Office of the Chief Economist expects demand growth to continue outpacing supply growth.
- Indonesia dominates thermal coal imports into India, supplying over 100 million tonnes in 2018.

Adani's Carmichael project

- The Carmichael project is one of nine proposed coal projects in the Galilee Basin. The \$2 billion project includes

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- an open cut mine to produce an estimated 10 to 15 million tonnes per annum (mtpa), ramping up production to 27.5 mtpa, and
- a 200 km rail line that will link with an existing rail network to carry coal to the Abbot Point Port.
- Adani has 800 people working across operations and projects in Queensland, and estimates that in the initial ramp up and construction phase, the Carmichael project will create around 1,500 direct jobs and almost 7,000 supporting jobs. Further jobs will be created as the mine's capacity grows.
- In terms of energy generation, Adani's Carmichael thermal coal is graded at 5,000 kilocalories / kg compared to Indian thermal coal which ranges from 3,100 to 4,900 kcal/kg in calorific value (India Coal Market Profile, IHS Markit 2018).

Controversy

- There have been fourteen legal actions including appeals and Tribunal Reviews against Adani's mining project approvals and related matters over the last two years. These actions have been brought in both federal and state courts and in the Administrative Appeals Tribunal.
 - The project is subject to over 180 stringent environmental conditions from Commonwealth and state regulators.
 - The Carmichael project is located over 300 km west of the Great Barrier Reef, and mining will not have any direct impacts on the Reef.
- Adani has registered Indigenous Land Use Agreements (ILUA) with all four traditional owner groups who have native title claims to the Carmichael mine and rail line area – the Juru, Jaeggi, Berrimah and Wangan and Jagalingou people.
- In December 2017, a group from the Wangan and Jagalingou people voted to reject the ILUA with Adani and filed a Federal Court injunction against Adani and the Queensland Government, against any attempt by either party to extinguish their native title.
 - In August 2018, the Federal Court upheld Adani's ILUA, noting that none of the grounds of the challenge by the mine's opponents had any merit.
 - A small group from the Wangan and Jagalingou people appealed this decision. In July 2019 the Federal Court dismissed the appeal.

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Consultation:

Nil

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INDIA – CRITICAL MINERALS

Key Points

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- A recent report for the Federation of Indian Mineral Industries (FIMI) identifies 27 critical minerals important for India's developing and modernising economy, including for use in aerospace, defence, renewable energy, telecommunications, electronics and transportation. Australia has high potential to supply 20 of these minerals.
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- [REDACTED]
- [REDACTED]
- [REDACTED]
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Background

India's Critical Minerals

- India is increasingly interested in critical minerals investment and supply.
- A recent report for the Federation of Indian Mineral Industries (FIMI) identifies 27 critical minerals important for India's developing and modernising economy.
 - Australia has high potential to supply 20 of these minerals, including antimony, cobalt, magnesium, niobium, rare earth elements and tungsten (see separate Resources Commodity Factsheets/glossies for further information on these).
 - Australia is also identified as a country with high potential to supply battery raw materials (lithium, nickel, cobalt and graphite), alongside competitors Democratic Republic of the Congo, Chile, Argentina and Bolivia.
 - Australia is already one of the top suppliers of cobalt, tungsten and zircon to India.
- In February to March 2019, several Indian Government owned companies, National Aluminium Company, Hindustan Copper and Mineral Exploration Corporation Limited, visited Argentina, Bolivia and Chile to look at opportunities for lithium exploration.
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- Australia is likely to be cost-competitive to supply battery minerals:
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 - Additionally, Australia's closer geographic location should provide Australia with cost-advantage over Latin America when supplying India.

Australia's Critical Minerals Strategy

- On 28 March 2019, you and Minister Birmingham jointly released Australia's Critical Minerals Strategy 2019.
- The Strategy focuses on government actions to deliver investment, innovation and infrastructure to develop Australia's critical minerals sector.
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- The Strategy identifies 24 critical minerals which Australia has a high potential to supply to key trading partners.
- The Strategy also identified investment as a key barrier to development of Australia's critical minerals sector.

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INDIA - IRON ORE AND OTHER MINERALS (COPPER, GOLD)

Key Points

- Australia is the largest producer of iron ore, seventh largest producer of copper, and second largest producer of gold.
- In 2018, Australia's exports of iron ores and concentrates to India was valued at \$486 million.
- Copper ores and concentrates exports to India in 2018 was valued at \$643.5 million.
- Australian exports of gold to India in 2018 was valued at around \$711 million.

Background

Iron Ore

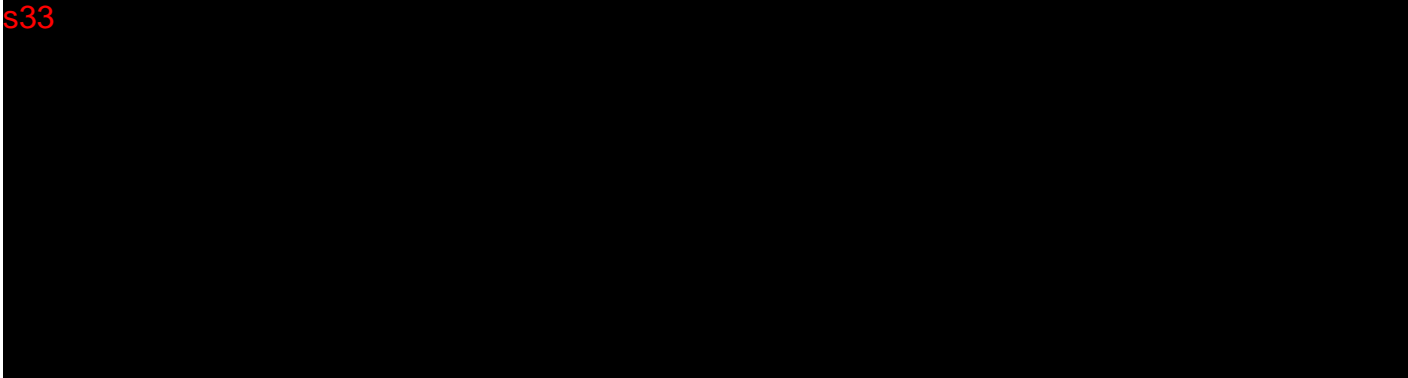
- India currently produces around 200 million tonnes per annum (Mtpa) of iron ore which is forecast to increase to 230 Mtpa in 2021. The bulk of this is used in India's domestic steel industry where demand for iron ore has been rapidly growing in recent years.
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- India recently overtook Japan to become the world's second largest steel producer in 2018, behind the European Union. Production is expected to increase due to demand from infrastructure projects. It is expected to reach 300 Mt by 2030.
- Australia is the world's largest producer of iron ore, producing an estimated 900 million tonnes in 2017-18.
- Due to recent global supply disruptions such as the decline in production from Brazil following the rupture of a tailings dam and adverse weather in other regions, demand for Australian iron ore has increased.
- China is Australia's largest export destination, accounting for around 81 per cent of Australia's production. Exports to India account for less than three per cent of Australia's exports.
- Australia's total value of exports of iron ore in 2017-18 was over \$60 billion. Australia exported approximately 835 million tonnes in 2018.

Copper

- India has approximately 2 per cent of the world's copper production with the government-owned Hindustan Copper Ltd (HCL) the dominant industry player. HCL also refines, smelts and casts its copper.
- Copper is only mined in three states in India – Rajasthan, Madhya Pradesh and Jharkhand there is not much publically available information on India's copper resources, more generally.
In 2017-18, Australia produced around 876 thousand tonnes of copper and exported 1.987 million tonnes valued at around \$8.5 billion, with production forecast to increase to over 1 million tonnes in 2019-20 and 2020-21.

Gold

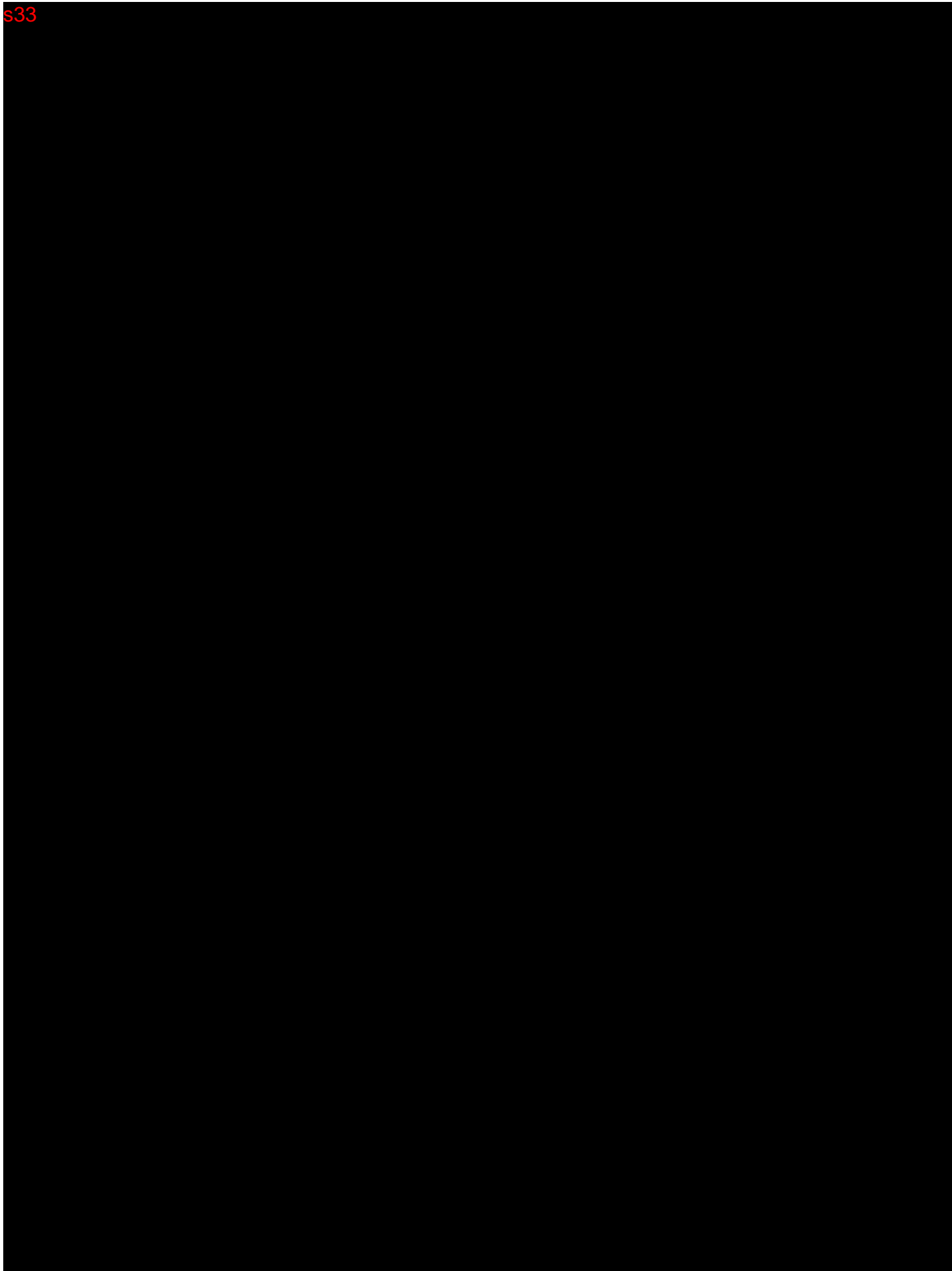
- Around 51 per cent of gold is used in making jewellery. Other uses include gold coins and bars (25 per cent); Central Bank Reserves (15 per cent); and electronics and industrial (7 per cent). Dental and medical use of gold and global backed exchange traded funds account for around 1 per cent each.
- Jewellery demand in India for gold has increased recently with consumers taking advantage of lower gold prices in early 2019. India is the world's second largest market for gold jewellery with 598 tonnes consumed in 2018 – behind China (686 tonnes consumed in 2018).
- Demand is forecast to continue to grow in India as a result of economic growth, ongoing urbanisation, rising farm incomes and improved consumer sentiment.
- India produces less than 1 per cent of the world's gold production. In 2018, Australia supplied 9.4 per cent of the world's gold with 315 tonnes produced in Australia behind China (15.5 per cent). Australia also accounts for five of the world's top 20 largest gold mines.
- Australia exported around 348 tonnes in 2017-18 valued at \$18.9 billion – only a small portion of it to India (3.8 per cent). In 2018, gold was Australia's fourth largest export commodity.
- Declining gold production is expected across most major gold producing countries including in Australia. This is increasing the demand to recycle gold already in the market.



Contact: Full Name, Position, Section, Phone No. +61 2 XXXX XXXX

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INDIA – LNG

Key Points

- India is a potentially important emerging market for Australia’s LNG.
- India aims to more than double the share of gas in its energy mix by 2030, and much of this will be met by LNG imports. However, infrastructure and other constraints will need to be overcome.
- Australia does not export large amounts of LNG to India. Only 2 per cent of Australian LNG exports went to India in 2018.

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Background

Australian LNG exports to India

- India accounts for 7 per cent of the world’s LNG imports.
- Australia exported 70 million tonnes of LNG in 2018 – of this, 1.4 million tonnes, or 2 per cent, went to India.
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- In 2009, Australia and India (Petronet) signed their first long-term LNG contract with the Gorgon LNG project. In 2017, Petronet negotiated a price reduction on this 20 year agreement, which Indian media reported could save them \$1.56 billion.
- India has said that it would like to see “responsible pricing” that balances the interests of consumers and producers with respect to energy. This factor was at play in the renegotiation of the Gorgon deal.

Indian gas demand

- India’s energy needs are expected to double by 2040.
- While India has historically relied on coal in its electricity sector, the Indian Government is moving towards cleaner fuels for environmental reasons and commitments made in the Paris Climate Agreement.
- India aims to more than double the share of gas in its energy mix to 15 per cent by 2030.
- India’s domestic gas production is not expected to keep pace with demand and the shortfall would be met with imported LNG.
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- India has four LNG terminals, one of which was commissioned in March 2019. There are a number of additional projects underway, which, if successful, would almost double current capacity. However, integrating LNG terminals with domestic gas infrastructure has proved challenging.

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INDIA – METS

Key Points

- India is one of the most important future markets for Australian METS companies.
- As India grows and seeks to modernise its mining sector, demand for METS will increase across the board. Australian METS companies have a competitive edge, particularly in the coal value chain and beneficiation.

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Sensitivities

- nil

Background

Industry Growth Centres Initiative

The Industry Growth Centres Initiative is helping Australia to be more internationally competitive by enabling industry sectors to build stronger futures for themselves. It aims to build capability and stronger industry systems through a collaborative, industry-led approach. Each Growth Centre has an industry-led Board, recognising that industry is best placed to drive cultural change and overcome barriers to innovation, productivity and growth.

The METS Ignited Sector Competitiveness Plan was released in 2016 to strengthen the Australian METS sector and help invigorate Australia's position as the global hub for mining innovation. An update is prepared annually.

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Consultation:

NORTHERN AUSTRALIA ENGAGEMENT WITH INDIA

Key Points

The India economic strategy recommended advocating for investment opportunities in Australia, including targeting Indian investment in the resources sector to northern Australia.

The Australian Government response stated it will prioritise economic diplomacy efforts in ten sectors, including resources.

Sensitivities

Nil.

Background

Northern Australia Infrastructure Facility (NAIF)

The NAIF provides loans to infrastructure projects in northern Australia. The facility will make investment decisions conditional upon a project proponent obtaining all relevant approvals and arrangements as required. Foreign investors are also eligible for loans, provided foreign investment approvals are sought, where appropriate.

There is a wealth of untapped investment potential in northern Australia, representing investment opportunities for Indian investors.

In addition to resources, high potential areas for investors in northern Australia include in the agriculture, infrastructure, water and energy sectors.

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NATIONAL RESOURCES STATEMENT

Key Points

- The National Resources Statement sets out Australia’s first resource industry policy framework in over twenty years. It provides a reform agenda that will open new basins, attract greater investment, support innovation and bolster jobs and community outcomes.

- s33 [Redacted]

Background

- On the 14 February 2019, the Minister for Resources and Northern Australia released the National Resources Statement outlining Government’s vision ‘to have the world’s most advanced, innovative and successful resources sector which delivers sustained prosperity and social development for all Australians’.
- Some of these actions will progress in collaboration with the states and territories given their responsibilities in regulating the resources sector. In December 2018, the first COAG Resources Roundtable agreed a strategic reform agenda, including to:
 - Develop a framework for the best-practice benchmarking of Australian and international jurisdictions. The aim is to generate a platform for continuous improvement in regulation, policy and practices.
 - Develop a collaborative new critical minerals work program to boost exploration and open up new basins and downstream value adding activity.
 - Develop a data strategy to improve the discoverability and utilisation of key geological, environmental and heritage data sets. By doing so it will de-risk investment decisions and help governments, industry and communities make more informed decisions, better prioritise research efforts and build trust.
 - Identify options to better leverage long-term cross-sectoral research and development to drive whole-of-sector benefits and meet the future economic challenges faced by the sector.
 - Improve community trust in the sector starting with a comprehensive evaluation of current community engagement and benefit sharing practices by industry, government and other bodies to identify best-practice and information gaps. This will inform and guide future actions to secure stronger Australian communities.
 - Convene a roundtable with industry and academia to identify opportunities to boost tertiary and VET outcomes for the sector.

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Consultation: Nil

INDIA ECONOMIC STRATEGY TO 2035

Key Points

- The Resources and METS sectors are a priority under the India Economic Strategy (the Strategy) due to the opportunities arising from India's growth trajectory and Australia's comparative advantage in these areas.
- You were appointed a Champion for the resources and METS sectors in the Australia-India relationship as recommended by the Strategy. This role includes increased engagement with India, including visits, and work to build stronger economic links between the two nations.
- The Strategy identifies opportunity for attracting Indian investment into northern Australia in the agriculture sector, including through the possible purchase of properties.
- India is preparing a complementary 'Australia Economic Strategy' expected to be completed later this year by the Confederation of Indian Industry.

Background

- The *India Economic Strategy to 2035* is an independent report to government, by Mr Peter Varghese AO, advising a way forward to advance the economic relationship between Australia and India.
- The government's response to the India Economic Strategy was announced on 22 November 2018 during a visit to Australia by Indian President Shri Ram Nath Kovind.
 - You gave a speech at the launch event, the 'AFR India Business Summit', highlighting coal as a key part of the Australia-India relationship.
- Officials are expected to report back to the government on implementation of the government's response in November 2019.

Resources and METS in the India Economic Strategy

- India's increasing urbanisation, rising household incomes and industrial activity will drive demand for greater volumes of key Australian resources. The Strategy:
 - identifies metallurgical coal, copper and gold as the key trade opportunities; and
 - recognises India will be one of the most important future markets for Australian METS companies as their exploration and extraction continues to grow.

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Northern Australia in the India Economic Strategy

- The Strategy suggests that India's key economic priorities fit well with Australia's northern Australia development agenda. Opportunities for Indian investment in the resources and agriculture sectors are highlighted.

INDIA COUNTRY BRIEF

Key Points

- India is of first order importance to Australia as a major bilateral partner and as a country that will influence the shape of the regional order. Beyond an increasingly important economic relationship bolstered by the India Economic Strategy, Australia and India have congruent security interests including in upholding international law. **FPWP**
- India is Australia's fifth largest export market, and tenth largest trading partner overall. It is the world's fastest growing major economy and is predicted to be the world's third largest by 2030.
- Complementarity between our economies, India's size and growth trajectory, and strong diaspora links all present opportunities for a closer economic partnership.
- Australia and India are also involved in negotiations for the Regional Comprehensive Economic Partnership (RCEP) – an ASEAN-centred proposal for a free trade area.

Background

Bilateral Relations

- In addition to regular leaders' meetings, Australian and Indian Foreign Ministers meet annually for the Foreign Ministers' Framework Dialogue, alternately held in Australia and India. The Dialogue is an important mechanism for advancing the ambitious bilateral agenda.
- Australia-India Joint Ministerial Commission meetings provide a forum for Trade Ministers to identify opportunities and address challenges in the economic relationship. This is complemented by ministerial engagement in sector-focused working groups, including on energy and education. Australian and Defence Ministers also meet regularly.

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Ministerial Engagement

- **June 2019**
The Prime Minister met with India's Prime Minister Modi in the sidelines of the G20 Summit in Japan.
- **November 2018**
Indian President, Shri Ram Nath Kovind, visited Australia and attended the launch of the government's response to the India Economic Strategy. You spoke at this event and highlighted the importance of coal to the Australia-India relationship.
- **April 2017**
Prime Minister Turnbull visited India and announced the development of the India Economic Strategy [see *Background Brief: India Economic Strategy to 2035*]. The visit also included meetings with the Indian President, Vice President and Prime Minister as well as senior business leaders

Contact:

s22

Consultation:

Nil

and strategic thinkers.

- **March 2017**

You visited India where you met with Indian ministerial counterparts s 33

Trade and Investment

- X Two-way goods and services trade between Australia and India totalled \$19.4 billion in 2015-16.

India is Australia's tenth largest trading partner and our fifth largest export market. The Australia-India economic relationship has grown significantly in recent years. Two-way goods and services trade between Australia and India totalled \$19.3 billion in 2015-16. Australia's strength in exporting primary products, particularly minerals and energy, as well as services such as education, positions us well to supply growing Indian industrial and consumer demand.

X The total stock of Australian investment in India totalled \$10.6 billion in 2015-16, with Indian investment in Australia equalling \$11.6 billion.

Australian investment covers a range of sectors, including manufacturing, telecommunications, hotels, minerals processing, food processing, oil and gas and the automotive sector. The top Indian software firms are represented in Australia and have a small but growing market presence. There is strong Indian interest in investing in the Australian resources and energy sectors.

Australia and India are also involved in the Regional Comprehensive Economic Partnership (RCEP) negotiations – an ASEAN-centred proposal for a free trade area which would initially include the ten ASEAN member states and those countries which have existing FTAs with ASEAN.

s33

People-to-People Links

- At almost 700,000 strong, Australia's Indian diaspora, comprising both Australians of Indian origin and Indians resident in Australia, makes a significant contribution to Australia's society and economy
 - they are the second highest taxpaying diaspora, behind the British
 - Indian-born Australians are expected to outnumber Chinese-born Australians by 2031, reaching 1.4 million. ¹
- Migration from India to Australia increased dramatically between 2006 and 2016, more than doubling the numbers of the India-born population²

¹ Liu X. Australia's Chinese and Indian Business Diasporas: Demographic Characteristics and Engagement in Business, Trade and Investment [Internet]. Melbourne AU: Australian Council of Learned Academic; 2016. Available from: <http://www.acola.org.au>

² Australian Bureau of Statistics (AU). 2016 Census. Canberra AU: The Commonwealth of Australia; 2016.

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- this surge in education-related and skilled migration coincided with a period of significant labour shortages across the economy during Australia's mining boom.

India is the largest source of skilled migration to Australia, and the second largest source of international students. In 2016, over 60,000 Indians enrolled to study in Australia. Over 200,000 Indians travel to Australia each year. Education is an area of increasing importance to the bilateral relationship. Australia is a major destination for Indian students studying abroad, who recognise the high quality and cost competitiveness of Australian education services. 53,568 Indians studied in Australia in 2015 – an increase of 15.7 per cent from 2014 – and India was the second-largest source country for overseas students in Australia. Since 2009, education ministers have met annually for the Australia-India Ministerial Dialogue on Education Cooperation.

DFAT FACTSHEET – INDIA

<https://dfat.gov.au/trade/resources/Documents/inia.pdf>

Contact:

s22

Consultation:

RESOURCES COMMODITY FACTSHEETS

- 
- PDF File

BANGLADESH – RESOURCES OVERVIEW

Key Points

Bullet Point 1

Sensitivities

Bullet Point

Background

Subheading 1

Subheading 2

Bullet Point 1

[SENSITIVE]

Bullet Point 2

BANGLADESH – COAL

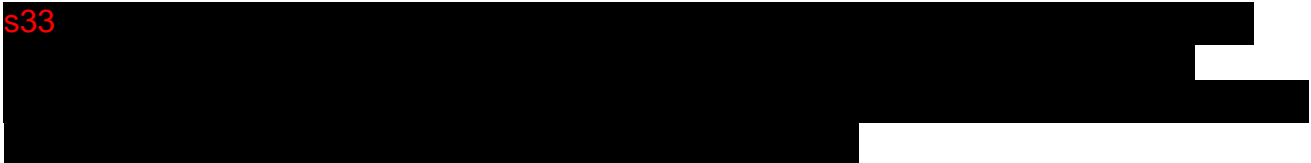
Key Points

- Bangladesh is not currently an export market Australian coal.
- With a significant expansion of coal-fired power in Bangladesh expected in the near future, there are opportunities to establish a new export market for thermal coal.
- Bangladesh's High Commissioner to Australia recently advocated increased coal exports from Australia to Bangladesh (*Sydney Morning Herald*, 23 July 2019, page 9).

Sensitivities

- None.

Background

- Available data indicates that there have been no exports of coal (either metallurgical or thermal) to Bangladesh in recent years.
- Bangladesh imports two to three million tonnes of coal per year, which is primarily consumed by the cement industry along with the brick kilns and steel industry.
- The Barapukuria power plant is currently the only operating coal-fired power plant in Bangladesh, which consumes 5000 metric tonnes of coal per day and has a capacity of 525MW.
- s33 
- At least three of the new plants are expected to burn imported coal, with one of the plants additionally benefiting from a new coal transshipment terminal capable of receiving about 10.4 MMT of imported coal annually via vessels with a capacity of up to 80,000 metric tons.
- The *Sydney Morning Herald* (23 July 2019, page 9) reports that coal imports to Bangladesh could reach 45 million tonnes by 2025.

BANGLADESH – COUNTRY BRIEF

Key Points

With the help of international development assistance, Bangladesh has reduced the poverty rate from over half of the population to less than a third, achieved Millennium Development Goals for maternal and child health, and made great progress in food security since independence. The economy has grown at an annual average of about 6 per cent over the last two decades and the country reached World Bank lower-middle income status in 2014. (CIA Factbook)

Sensitivities

Bullet Point

Background

Subheading 1

Bangladesh's economy has grown roughly 6 per cent per year since 2005 despite prolonged periods of political instability, poor infrastructure, endemic corruption, insufficient power supplies, and slow implementation of economic reforms. Although more than half of GDP is generated through the services sector, almost half of Bangladeshis are employed in the agriculture sector, with rice as the single-most-important product.

Garments, the backbone of Bangladesh's industrial sector, accounted for more than 80 per cent of total exports in FY 2016-17. s33

Steady export growth in the garment sector, combined with \$13 billion in remittances from overseas Bangladeshis, contributed to Bangladesh's rising foreign exchange reserves in FY 2016-17. Recent improvements to energy infrastructure, including the start of liquefied natural gas imports in 2018, represent a major step forward in resolving a key growth bottleneck.

Economic Relationship with Australia – DFAT country brief

In 2016-17, two-way trade grew to reach over \$2.3 billion with exports to Bangladesh valued at \$998 million. Principal merchandise exports to Bangladesh were vegetables, cotton, fertilizers and agriculture. Total merchandise trade with Bangladesh grew 19.7 per cent on the previous year. The main imports were clothing and textiles. Since 1 July 2003, products from Bangladesh enter Australia duty-free and quota-free.

Bangladesh offers commercial opportunities to Australian companies operating in the energy, telecommunications, transport, textiles, education and mining sectors. Australian businesses are well placed to provide services and equipment for energy and infrastructure development in Bangladesh.

In 2019-20, the Australian Government is providing an estimated \$70.1 million in total ODA to Bangladesh. This includes an estimated \$38.5 million in bilateral funding to Bangladesh managed by DFAT. Australia's ODA will support initiatives to enable Bangladesh to meet its development objectives with a particular focus on education and building economic resilience among the poorest and most marginalised communities.

[SENSITIVE]

Bullet Point 2

s33

s33



BANGLADESH – DFAT FACT SHEET

PLACEHOLDER

<https://dfat.gov.au/trade/resources/Documents/bade.pdf>

BANGLADESH – LNG

Key Points

- s33 [REDACTED]
- Although Bangladesh only starting importing gas in 2018, the country expects to import two-thirds of its gas by the mid-2020s

- s33 [REDACTED]

- [REDACTED]

[REDACTED]

Background

Central role of gas in Bangladesh

- About 68 per cent of energy demand in Bangladesh is met from natural gas, according to the Ministry of Power, Energy and Mineral Resources.
- Demand is surging - Bangladesh needs huge gas supplies to fuel its garment industry, other sectors, and increasingly prosperous population
- However, natural gas reserves and local production are failing to keep up with demand - Bangladesh produces slightly over 3,000 MMcf of gas a day, below the daily demand of 4,000 MMcf.

s33 [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

s22

From: s22
Sent: Tuesday, 9 July 2019 1:24 PM
To: s22
Subject: RE: Vietnam: PM Visit IDC [SEC=PROTECTED]

Security Classification:
PROTECTED

Hi s22

Please see some initial facts/issues related to Australian coal exports, for relaying back to s22 and ISE.

Key points

- We strongly recommend a focus on coal exports to Vietnam as part of the Prime Minister's planned visit.
- Coal exports to Vietnam represent a **growth market**, with increasing demand coming from power generation and steel production. This demand cannot be met entirely by domestic Vietnamese coal production.
- There is potential for growth in exports to Vietnam to partially mitigate declining exports elsewhere, notably China.

Background

- Australian coal exports to Vietnam have grown **dramatically** since 2014.
 - ABS reports that total exports increased from 715,668 tonnes in the 2014-15 financial year (at a value of approximately \$89 million AUD) to 9,926,011 tonnes in the current financial, year to end May 2019 (at a value of approximately \$1.5 billion AUD). **This is an increase of approximately 1300 per cent by tonnage and approximately 1600 per cent by value.**
 - In particular, coal exports have **more than doubled** since the 2017-18 financial year, up from 4,286,390 tonnes or approximately \$750 million AUD in value.

s47G

Metallurgical coal

- The March 2019 *Resources and Energy Quarterly* (REQ) notes that several steel blast furnaces are expected to come online over the outlook period in Vietnam, leading to most rises in demand for metallurgical coal.
 - Australia is the dominant supplier of metallurgical coal, supplying over 4.5 MMt in calendar year 2018 (IHS Markit).

Thermal coal

- REQ also notes that stronger than expected demand for thermal coal from key markets such as Vietnam (among others including India) would provide some counter to concerns around import into China, and could provide price support.

s47G

s47G



s22



Sent: Monday, 8 July 2019 10:29 AM

s22



Subject: FW: Vietnam: PM Visit IDC [SEC=PROTECTED]

Hi s22



As discussed, can you please have a look at the Trade and Investment theme?

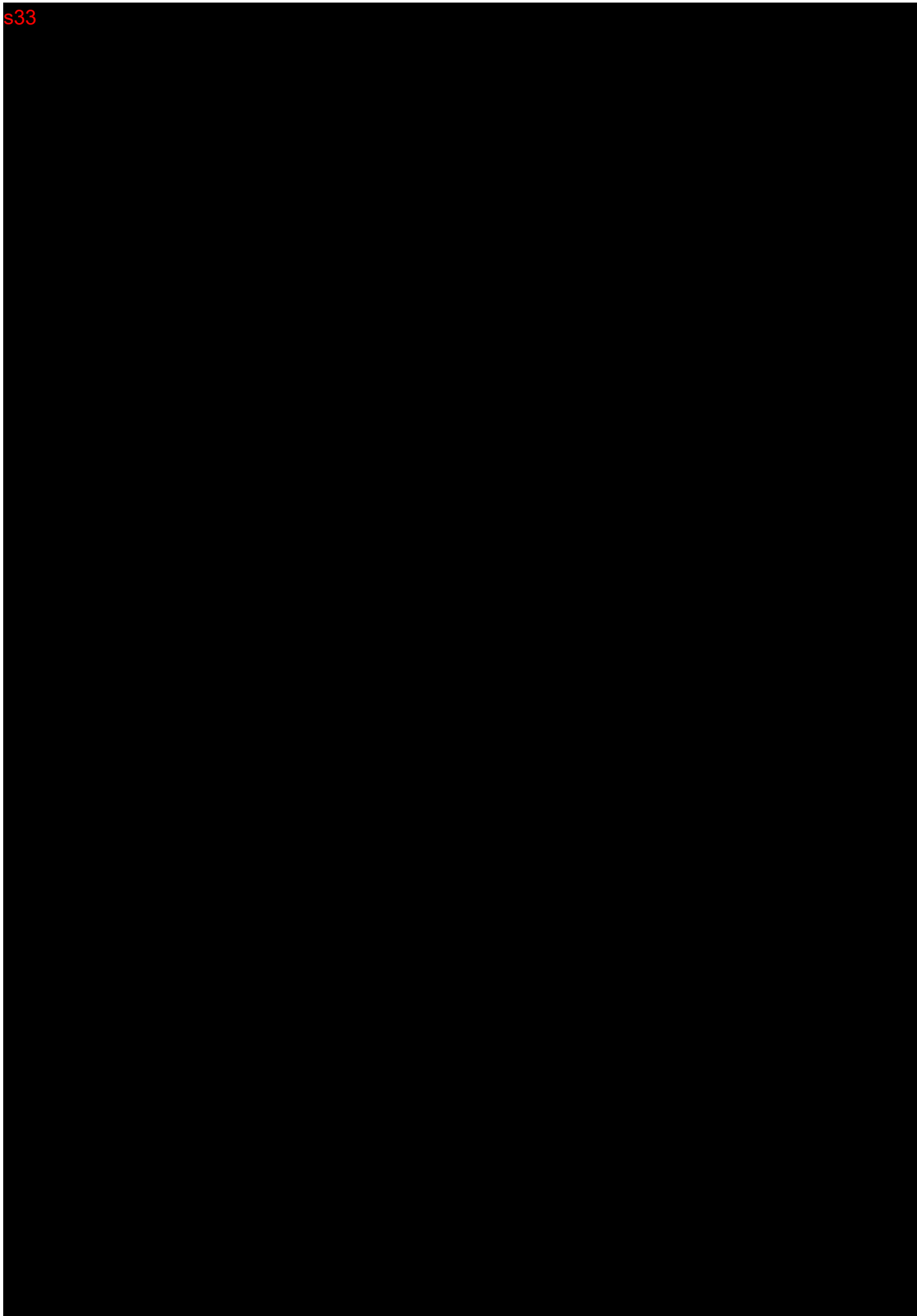
Thanks,

s22



s33





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