

2015: Moving the Territory Ahead

Economic Development Summit

Theme 3: Expanding Markets

The Northern Territory contributes one percent of the Australian economy which is one percent of the global economy. Dominated by the resource based export sector, future economic growth in the Northern Territory is inextricably linked to global market forces. The challenge is to build on existing exports and markets as well as diversifying into new markets and new export products. To do so will require identification and addressing of key constraints, as well as taking advantage of new opportunities

Questions for discussion include:

- As we move towards 2015, what do you feel are the key opportunities for economic development that would make a difference to expanding markets for Northern Territory goods and services?
- Are there any key constraints to expanding markets for Northern Territory goods and services that need to be addressed?
- What do you think are appropriate roles for government and the private sector in expanding markets for Northern Territory goods and services?
- Are there any Indigenous and regional economic development, or related environmental sustainability issues in expanding markets for Northern Territory goods and services?

Key elements for consideration:

- Growing trade requires appropriate transport (road, rail, air and sea) infrastructure and an efficient telecommunications network. The completion of the Alice Springs to Darwin railway and the development of the East Arm Port have created the AustralAsia Trade Route. While the recent announcement of Tiger Airways starting a Darwin-Singapore service in December 2005 is welcome, more work is required to **identify & resolve infrastructure constraints** especially expanding air-freight capacity to a range of other destinations.

FACTS AND FIGURES

GOODS AND SERVICES TRADE

NT Services Trade 2004-05

	\$m	%share
Exports	506	1.8
Imports	266	0.7

NT Merchandise Trade 2004-05

	\$m	% share
Exports	2221	1.8%
Imports	1993	1.3%

5 years annual export growth - 8.9%

Major exports 2004-05	\$m
Crude petroleum	494
Other ores	472
Pearls and gems	169
Live animals	130

Major imports 2004-05	\$m
Aircraft and parts	675
Refined petroleum	428
Tubes, pipes and fittings	200
Pumps for gas	84
Passenger motor vehicles	62

TRADE RELATIONSHIPS

Export	Imports 2004-05
China (27.6%)	France (31.7%)
Singapore (11.0%)	Sing. (23.1%)
Canada (8.8%)	Japan (13.5%)
Japan (5.9%)	USA (10.5%)
Korea (5.9%)	Kuwait (5.7%)

Key overarching existing policy and strategy frameworks:

- Economic Development Strategy
- Building Stronger Territory Trade
- Growing Our Trade Route
- Building Stronger Asian Links
- NT Tourism Strategic Plan
- Destination Development Strategy
- NT Aviation Strategy
- NT Transport Plan

- The Northern Territory is now well positioned to **increase traditional exports and diversify into new export products and services**. Currently Northern Territory exports are very much dominated by the resource sector (crude petroleum, ores, and live cattle). The challenge is to expand our traditional exports by taking advantage of the new trade route and the resources boom, whilst at the same time, identifying opportunities for diversifying our export portfolio so that our global risk exposure is reduced.
- The Northern Territory is the closest Australian capital city to key South East Asian markets. The challenge is to capitalise on our proximity to the booming Asian economies and make the most out of these **new market opportunities**.
- The Northern Territory faces strong global and Australian competition in our export markets. Identification of the **key competitors to the Northern Territory**, and the comparative advantages we can capitalise on, could assist in improving the NT market share.
- Trade involves imports as well as exports. The AustralAsia trade route's success necessitates securing Darwin as a key arrival port for imports. The trade route offers significant time savings for goods moving from SE Asia to southern Australian markets. We have the potential to handle a great deal more of Australia's imports than at present, and the question is how to ensure that this happens.
- **Trade in Knowledge-based services** such as education, health, environmental business and professional services are experiencing rapid growth worldwide. Nationally trade growth in knowledge based services has averaged eight percent per annum. There are opportunities for development of these trade opportunities, not only in new and innovative areas but also in established traditional services.

Further information on this topic can be found in the ***Access Economics, Assessment of the Northern Territory Economy*** paper.