

Consul-General of Japan in Sydney's Newsletter

No. 21 Capitalizing on the strength of the Japanese private sector in Australia for the planet: Latest business developments in NSW

7 August 2020

Time has flown and it's already August. Around the world, serious measures continue to be taken to prevent a further spread and second wave of COVID-19. Here in Australia, Victoria has seen a sudden increase in the number of people with the infection, and NSW is suppressing the spread of the disease through efforts to close borders and to trace and isolate those who have had close contact with the virus. This Consulate continues to gather and disseminate information about the latest COVID-19 trends and responses.

Meanwhile, business activity between Japan and Australia gathers pace. On 9 July, a Japan-Australia leaders' video teleconference meeting was held. Prime Minister Abe indicated that the promotion of trade and investment is all the more essential when an early economic recovery is required, and that he looked forward to progressing concrete economic cooperation between Japan and Australia. Prime Ministers Abe and Morrison agreed to continue to coordinate in order to start a trial cross-border travel arrangement, as an exceptional case, for essential businesspeople between the two countries, and they concurred to work towards arranging a visit by Prime Minister Morrison to Japan at the earliest possible time.

Then on 29 July, the NSW Government hosted a business webinar called "NSW-Japan Engagement: A Shared Recovery". Ministers and top officials from the NSW Government explained the various developments that have occurred since the visit to Sydney by the Japan/Tokyo Chamber of Commerce and Industry (JCCI/TCCI) Economic Mission in February this year, and the channel for business discussions between Japan and NSW was reopened.

In this issue of my newsletter, as I give a summary of the webinar and introduce some other latest business developments in NSW, I invite you to consider with me how Japanese businesses can capitalize on their own strengths in Australia for the benefit of the planet.



**‘NSW-Japan Engagement: A Shared Recovery’ business webinar
organised by the NSW Government
(29 July 2020)**

● **Business webinar organised by the NSW Government**

At the webinar on 29 July, a stellar cast of people engaged in NSW Government policy making took part – NSW Minister for Jobs, Investment, Tourism and Western Sydney Stuart Ayres, Secretary of the NSW Premier and Cabinet Tim Reardon, NSW Treasury Deputy Secretary for Jobs, Investment and Tourism Kim Curtin, Chair of the Western Parkland City Authority (also Chief Executive of the Business Council of Australia) Jennifer Westacott, and acting as MC, NSW Treasury Global Head of Relationships Geoff Roberts. I could feel the commitment towards developing cooperation with Japan. From Japan, the Japan/Tokyo Chamber of Commerce and Industry (JCCI/TCCI) supported the event and around 150 people participated.

In my opening remarks to participants, I made three key points: 1) Greater Sydney development is an attractive investment opportunity for Japan blessed with the combination of the strong commitment of the Australian federal and state governments, the stability of a developed nation, economic growth and the development’s large scale; 2) it is a place within a multicultural society where

“diversity” can be incorporated into the company while capitalizing on areas considered Japan’s strengths – ‘smart’, ‘digital’, ‘next generation’, ‘leading technologies’ and ‘adapting to the ageing society’; and 3) long years of exchange and trust between Japan and Australia are a foundation on which business can proceed even as COVID-19 measures are restricting traffic between Japan and Australia.



Artist’s impression of the new CSIRO hub at the Aerotropolis
(Source: Webinar materials)

- **Special development precincts**

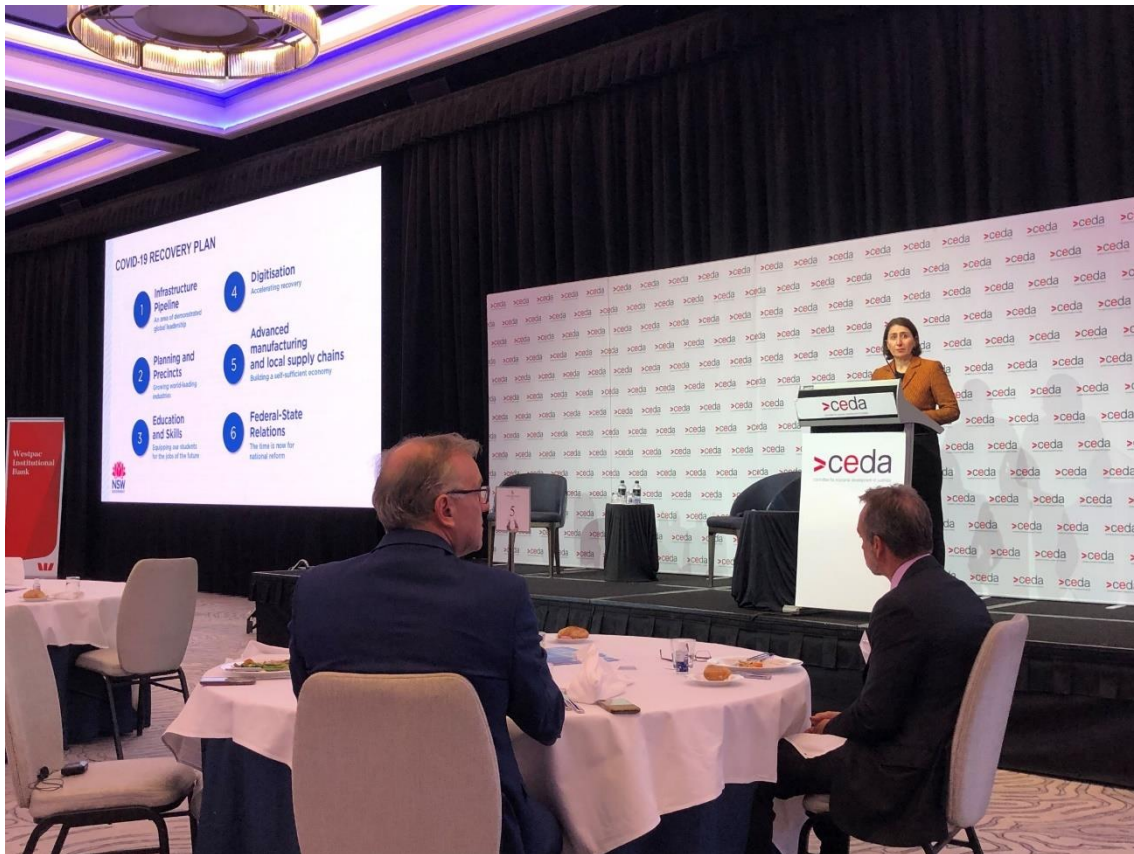
On this occasion, Minister Ayres emphasized the progress of large-scale projects in the Greater Sydney special development precincts called “lighthouse precincts”.

In the “Aerotropolis Precinct”, despite COVID-19, the completion of the Western Sydney International Airport is on track for 2026. Recently, it was announced that A\$11 billion was invested in the Sydney Metro Sydney Airport Line and the initial

groundbreaking date would be brought forward. The CSIRO (Commonwealth Scientific and Industrial Research Organisation) also announced that it would concentrate its research activities in Sydney at a new hub at the Aerotropolis. This sends an important message that this precinct will be centre of advanced technology and industry cooperation. NSW Premier Berejiklian announced at the end of June that Amazon would build a new logistics hub near the Aerotropolis which would be the largest in Australia and the most advanced in the southern hemisphere.

Furthermore, the NSW Government announced that the Western City and Aerotropolis Authority (WCAA) which had been overseeing the development of the Aerotropolis precinct would have increased responsibility; changing its name to the Western Parkland City Authority (WPCA), it will progress the development of a wider area in a more comprehensive manner.

In the medical field, an increasingly high-profile field since COVID-19, the “Westmead Medical and Innovation Precinct” will become the largest congregation of medical, research and educational institutions in Australia. In addition, one of the world’s leading technology companies, the Australian enterprise Atlassian, plans to build its headquarters in the “Tech Central” precinct, right next to Sydney’s Central Station.



**NSW Premier Berejiklian announcing the COVID-19 Recovery Plan
(15 July 2020)**

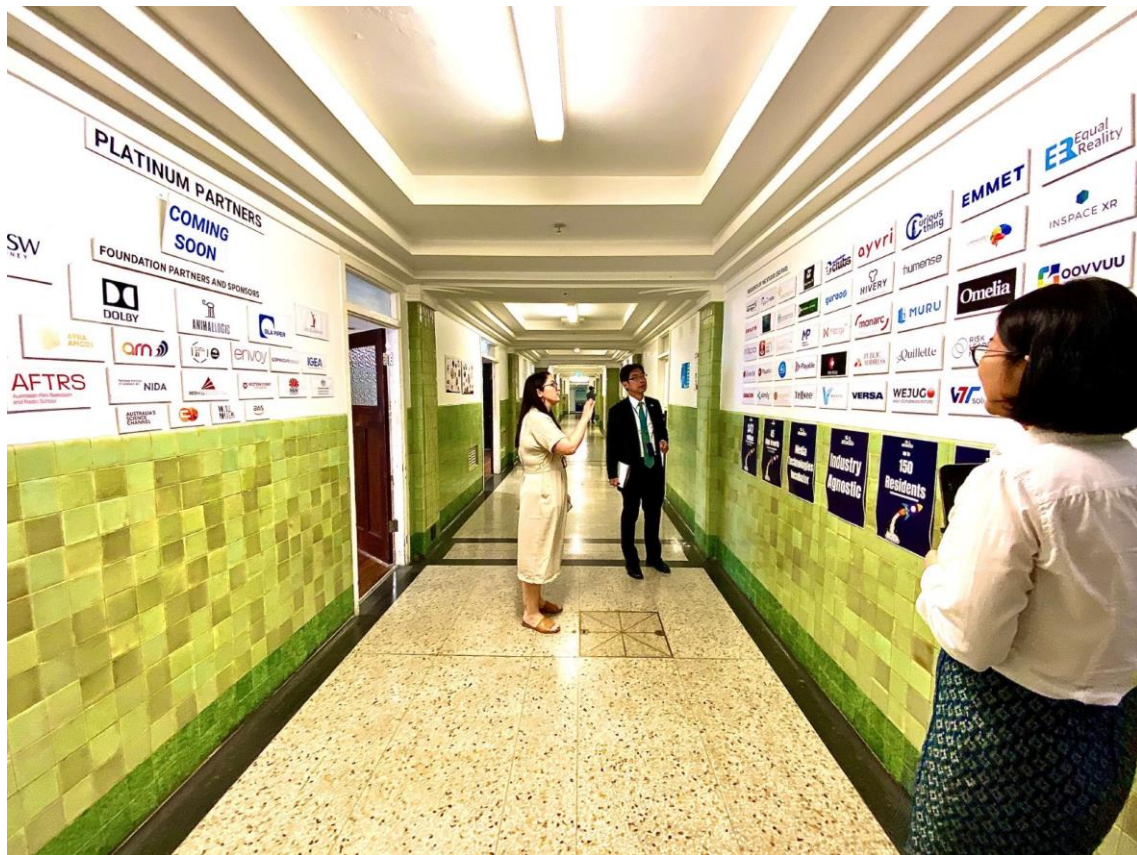
- COVID-19 Recovery Plan**

Secretary of the NSW Premier and Cabinet Reardon explained the “COVID-19 Recovery Plan”, which was announced by NSW Premier Berejiklian on 15 July.

It is also called the Six Point Plan: 1) investing A\$100 billion in infrastructure over 4 years, 2) reforming the planning approval process and developing precincts, 3) reviewing education and skills, 4) promoting digitalisation and ensuring cyber-security, 5) developing advanced manufacturing, and 6) strengthening cooperation between the federal and state governments.

I also had the opportunity to hear Premier Berejiklian’s direct explanation when this plan was launched. Having previous experience as minister for transport and treasurer, the Premier herself took the initiative and had a direct hand in organising the concrete measures and decisions in the plan, and the plan strategically allocates further investment by the Government. While New South Wales is Australia’s most populous state, the entire population is no more than

around 8 million people, and I felt that results are being achieved thanks to the government's nimble and decisive actions.



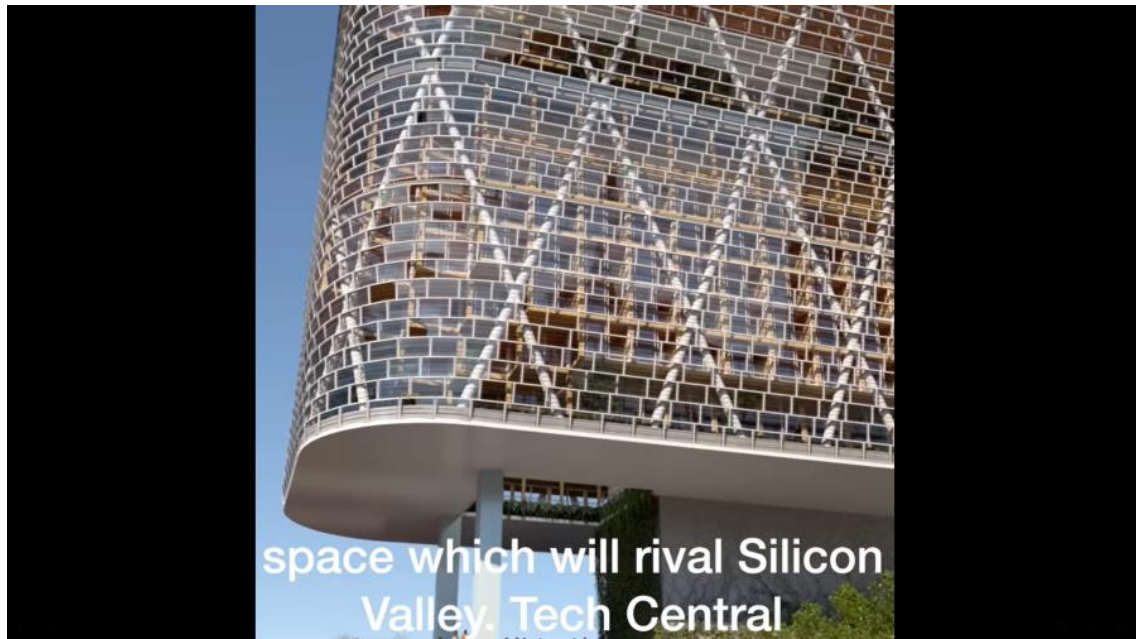
Visit to the Sydney Startup Hub
(28 January 2020)

● Startups and Innovation

In response to such efforts of the NSW Government, the Government of Japan is especially supporting innovation creation through Japan-Australia business cooperation.

On 10 January in Melbourne, business cooperation between Japan and Australia was taken to a new level when JETRO (Japan External Trade Organisation) signed an MoU with Austrade (Australian Trade and Investment Commission) to promote cooperation particularly in the field of startups and innovation. In response to this, from this month, JETRO will conduct a total of 8 webinars, held 4 times each, aimed at Japanese and Australian startups, creating a way to facilitate expansion of their activities to respective countries and to match Japanese and Australian companies online.

In January this year, I went to observe the Sydney Startup Hub. In 2017, the NSW Government invested A\$35 million and attracted major anchor tenants into an 11-storey 17,000m² building opposite Wynyard Station in central Sydney. Each tenant has numerous startups. Hitachi has used this facility to conduct a Hackathon to develop software.



**Artist's impression of the completed Atlassian Building
at Tech Central
(NSW Premier's Facebook)**

Close to Sydney's Central Station, a flagship building in the Tech Central Precinct is planned to be completed in 2025, and a 50,000m² area, approximately three times as large as the current hub, will be allocated to startups. Breakthrough startups are expected to emerge in Sydney and you can feel a real momentum. NEC has already expressed interest in advancing this precinct. In addition, this building will employ environmentally-friendly, wooden high-rise architecture, and Obayashi Corporation in a joint venture with an Australian company has been chosen for Early Contractor Involvement (ECI). Our Consulate together with JETRO would like to facilitate Japanese startups and major corporations to move into this area so that a Japanese-Australian innovation ecosystem will be linked together in the future.



NSW Premier Berejiklian speaking at the welcome reception for the Japan/Tokyo Chamber of Commerce and Industry (JCCI/TCCI) Economic Mission (at the NSW Parliament House, 6 February 2020)

- **Japan-Australia business cooperation for the planet**

Today, the world economy is in a turbulent period due to COVID-19. However, change also brings opportunity. I believe that Australia, particularly the business opportunities in NSW, may offer Japanese businesses a new step to utilize their strengths in the world.

Recently, while studying about Japanese companies, I read “Corporate Transformation: Remaking Japanese Companies” by Toyama Kazuhiko, CEO of IGPI (Industrial Growth Platform Inc). In a time when COVID-19 has accelerated disruptive transformation, he outlines a vision and concrete measures to realise corporate transformation of Japanese companies.

During the 1980s, Japanese companies swept into markets around the world as they pursued “a competitive catch-up model based on their strength in incremental innovation”. However, the position of the Japanese economy and

Japanese companies weakened as international competition increased due to (a) globalisation, namely the participation of China, South-East Asia and India in the market, and (b) digitalisation which led to competition at the industrial architecture level.

What is necessary now, he argues, is 'organisational ambidexterity' – in other words, management which (1) on the one hand 'deepens' its existing business by further strengthening its competitiveness and profitability, and (2) on the other hand also 'seeks out' new growth opportunities through innovation and turns them into business. In order to do so, Toyama elaborates, it is necessary to ① maximise earning power of the core business, ② improve capacity to renew the business and functional portfolio, and ③ diversify and fluidise organisational capacity and realise multidimensional organisational structures.

For Japanese companies, Australia, in particular the development of large-scale smart-infrastructure in Greater Sydney, provides a new ground to 'deepen its existing business' and 'seek out new growth opportunities through innovation' and offers various options to 'improve capacity to renew the business and functional portfolio'. Moreover, Australia is a good place for Japanese companies to strengthen their organisational culture by absorbing multiculturalism and diversity into their own organisation.

Japanese companies can develop in a sustainable way by finding good partners and a good operating environment, rather than by limiting themselves and staying within existing frameworks. This is not only important for Japanese businesses; it is important for Japan as a whole and indeed for the world. At the welcome reception for the Japan/Tokyo Chamber of Commerce and Industry (JCCI/TCCI) Economic Mission in February, I was very impressed by the vision the NSW Premier presented in her remarks: Japan-Australia business cooperation is "for the planet". I will do my utmost here in Sydney to link up the development of Greater Sydney and the promotion of startups and innovation in NSW with the global expansion of Japanese companies, which will have a major impact not only on Japan and Australia but on the whole world.

Japan-Australia Leaders Video Teleconference Meeting (9 July 2020)

https://www.mofa.go.jp/a_o/ocn/page4e_001072.html

NSW Government business webinar: 'NSW-Japan Engagement: A Shared Recovery' [Japanese]

https://www.sydney.au.emb-japan.go.jp/itpr_ja/20200729webinar.html

NSW COVID-19 Recovery Plan

<https://www.nsw.gov.au/covid-19-recovery-plan>

Australia-Japan Ministerial Economic Dialogue (10 January 2020)

<https://www.dfat.gov.au/news/media/Pages/australia-japan-ministerial-economic-dialogue>

Navigating/understanding the Australian start-up ecosystem (article by JETRO) (Japanese)

<https://www.jetro.go.jp/biz/areareports/2020/ed22734acac209d2.html>

About Japan's Innovation Ecosystem (JETRO Headquarters)

<https://www.jetro.go.jp/en/jgc/reports/2020/6790871cde54c518.html>

Sydney Startup Hub

<https://sydneystartuphub.com/>

Summary of information about Western Sydney Development (Consulate-General of Japan in Sydney website) [Japanese]

https://www.sydney.au.emb-japan.go.jp/itpr_ja/WesternSydneyDevelopment.html

New South Wales and Japan - Promoting wide-ranging partnership for a better world – (Consulate-General of Japan in Sydney website)

<https://www.sydney.au.emb-japan.go.jp/files/100078786.pdf>

Charles A. O'Reilly, Michael L. Tushman (2016) *Lead and Disrupt: How to Solve the Innovator's Dilemma*, Stanford Business Books.

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