



Australia's International Business Survey 2015

INDUSTRY PROFILE REPORT: MANUFACTURING

Survey partners



THE UNIVERSITY OF
SYDNEY

ABOUT THIS REPORT

Australia's International Business Survey 2015 is the follow-up to the inaugural survey of Australia's international businesses published in 2014.

The findings of this report are distinctive and significant because they provide key insights into the nature, needs, concerns and future plans of the overall Australian international business community from the company perspective.

The report is based on a survey conducted in late 2014 which resulted in the collection of fully completed and validated responses from 1,237 companies involved in international business.

AIBS 2015 was commissioned by the Export Council of Australia (ECA), with the support of our partners, Austrade and EFIC (Export Finance and Insurance Corporation), and was conducted by the University of Sydney (USYD). Australia's International Business Survey 2015.

For more information on the survey methodology, see Appendix D.

AIBS 2016

The 2016 AIBS survey will be launched in October. Please register your interest in participating by subscribing to the ECA database at www.export.org.au

ACKNOWLEDGEMENTS

The Export Council of Australia and survey partners would like to thank the many export companies who took part in the survey and made it a success.

DISCLAIMER

The information presented in this report is based on information received from a survey which was conducted in late 2014.

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APPENDIX C: INDUSTRY PROFILES

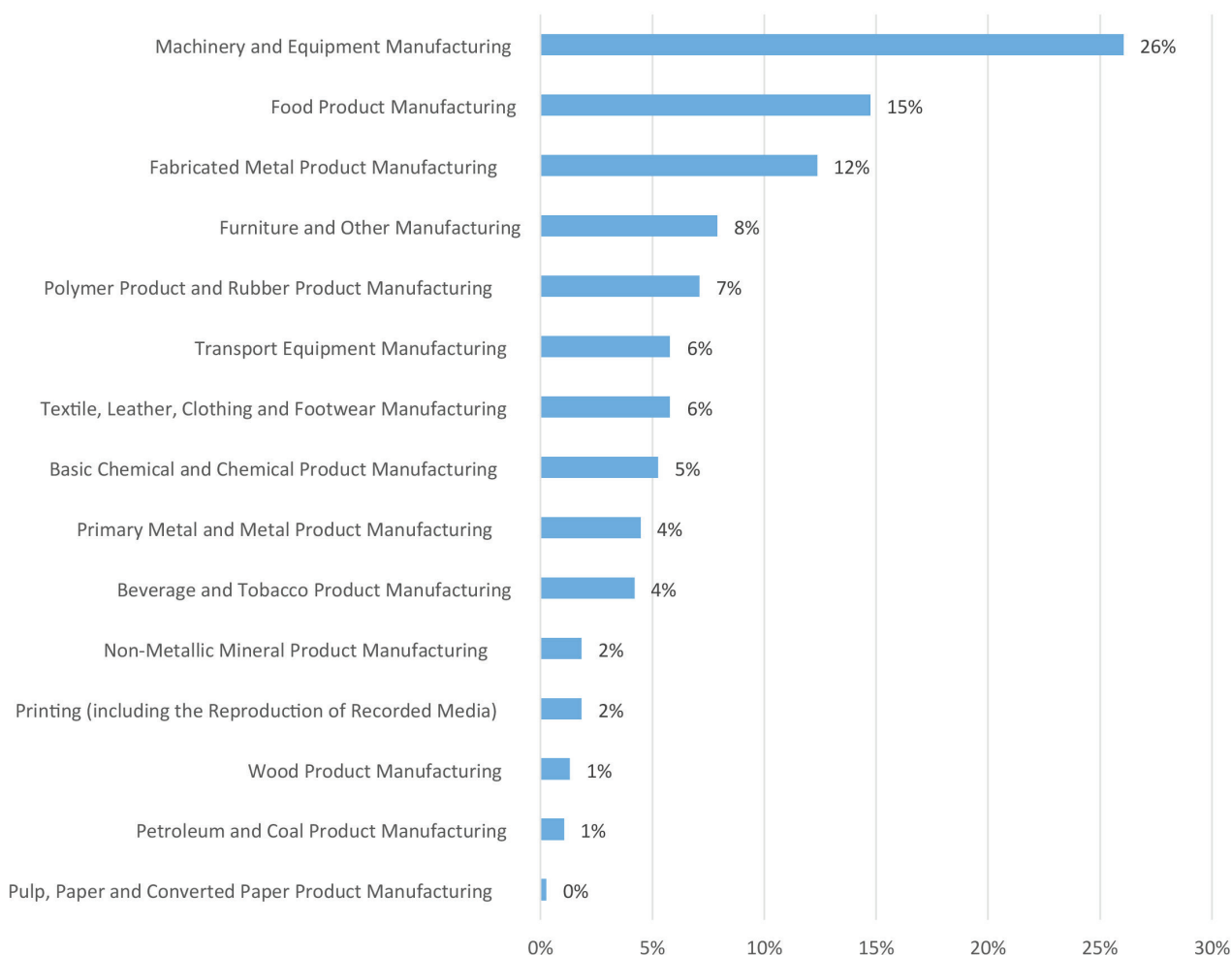
A number of industry sectors have been selected for more in-depth analysis. These comprise agricultural, forestry and fishing; education and training; ICT; manufacturing; processed food and beverage; and professional, scientific and technical services together with agricultural equipment, technology and services, and mining equipment, technology and services (both of these latter categories being based on customers).

MANUFACTURING (N=380)

A total of 380 companies from the manufacturing industry participated in the survey, representing 31 per cent of respondents. Among these companies, 26 per cent are manufacturers of machinery and equipment (Figure C-13). Fifteen per cent manufactured food products, while 12 per cent manufactured fabricated metal products.

Figure C-13 Main subsector – Manufacturing

Survey question: What is the main subsector?



Number of respondents = 380

The United States was the top country (as shown in Table C-10) from which companies earned their international revenue last year (17 per cent of responses as the first or second top international revenue source in the past year). Other top overseas markets were New Zealand (10 per cent of responses) and China (7 per cent of responses).

Table C-10 Main overseas markets – Manufacturing

Survey question: Top 10 countries from which companies have earned international revenue in the past year.

Rank	Country	No. of responses	Share
1	United States	123	17%
2	New Zealand	71	10%
3	China	50	7%
4	United Kingdom	42	6%
5	Singapore	39	5%
6	Malaysia	34	5%
7	Japan	33	5%
8	Indonesia	27	4%
9	PNG	21	3%
10	South Africa	21	3%

Number of responses = 723

Note: the sample consists of companies that identify above countries as either top 1 or top 2 country from which they have earned international revenue in the past year.

China was singled out by 25 per cent of respondents as the most difficult market that they currently do business with (Table C-11). Nine per cent of respondents identified the United States as their most difficult current market, and another 9 per cent cited India.

Table C-11 Most difficult markets– Manufacturing

Survey question: Among your most important markets, which is the most difficult country that your company does business with?

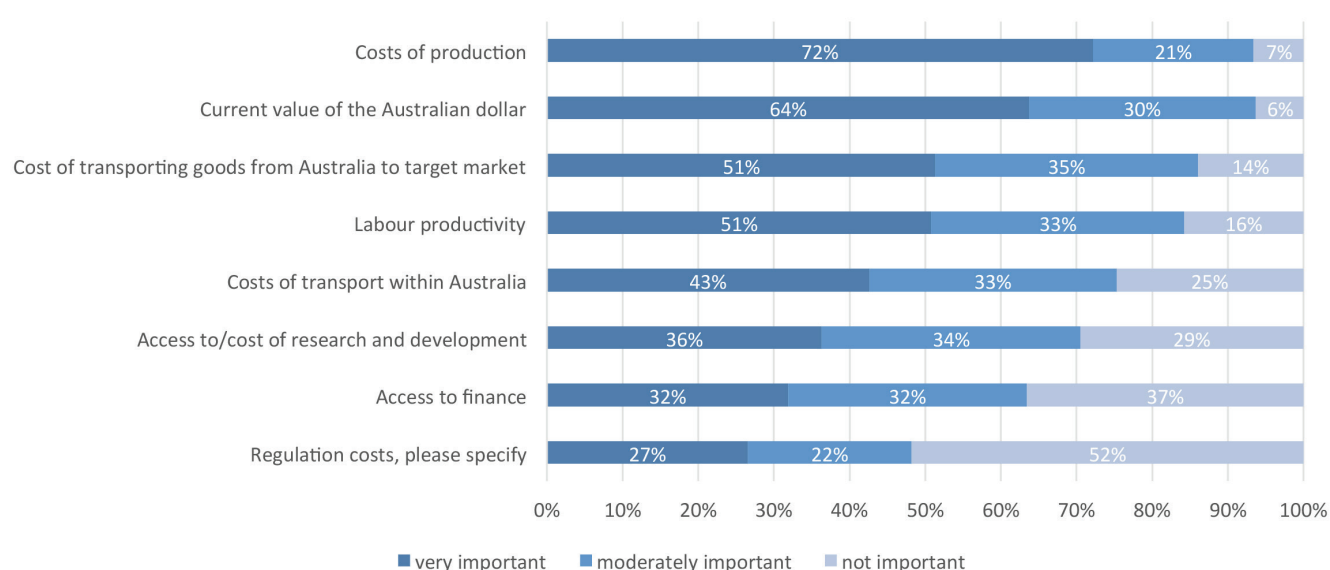
Rank	Country	No. of responses	Share
1	China	96	25%
2	United States	35	9%
3	India	33	9%
4	Indonesia	20	5%
5	Japan	17	4%

Number of respondents = 380

Among the factors in Australia that companies perceived as hindrances to pursuing new business opportunities overseas (Figure C-14), the high cost of production was identified as the most important one (cited by 72 per cent of respondents). The current value of the Australian dollar was cited by 64 per cent of respondents, while the cost of transporting goods from Australia to overseas markets was cited by 51 per cent.

Figure C-14 Factors restricting firms from taking advantage of international business opportunities – Manufacturing

Survey question: How important are the following factors in Australia in restricting you from taking advantage of new international business opportunities

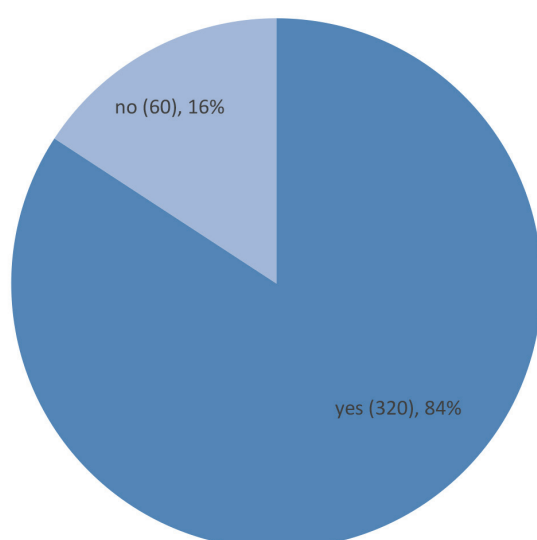


Number of respondents = 380

The outlook for international business expansion among respondents in the sector is bullish, with close to 85 per cent of companies indicating that they had plans to further expand to new overseas markets in the next 2 years (Figure C-15). Sixteen per cent of respondents expressed that they had no plans for further expansion in the near future.

Figure C-15 Plan for doing business in additional countries – Manufacturing

Survey question: Is your company planning to do business in additional countries in the next 2 years?



Number of respondents = 380

Among the companies that had plans to further expand their businesses overseas, 14 per cent expected China to be their most important new market in terms of generating additional international revenue (Table C-12). Thirteen per cent of respondents identified the United States, while 6 per cent expected the United Kingdom to be their most important future market.

Table C-12 Most important new country – Manufacturing

Survey question: Which new country do you expect to be the most important in terms of additional revenue?

Rank	Country	No. of responses	Share
1	China	44	14%
2	United States	41	13%
3	United Kingdom	19	6%
4	India	18	6%
5	Republic of Korea	15	5%

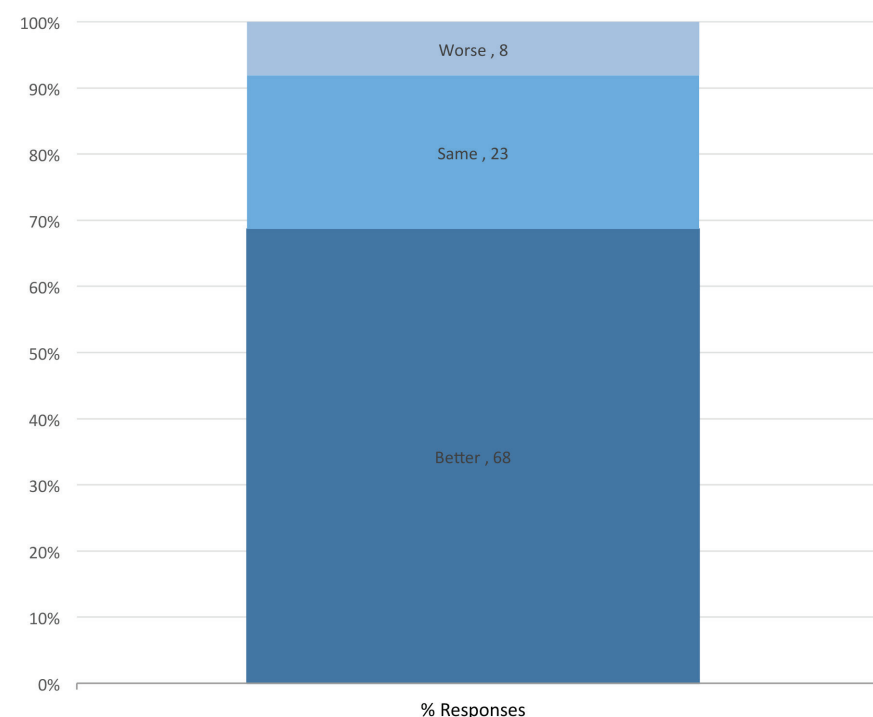
Number of respondents = 320

OUTLOOK

Further confirming the positive international outlook of companies in this sector, 68 per cent of respondents expect their overseas business to do better in 2015 compared to 2014 (Figure C-16). Twenty-three per cent expect their international performance to be the same, while 8 per cent expect their performance to be worse than last year.

Figure C-16 Overall outlook – Manufacturing

Survey question: What is the overall outlook for your company's international operations in 2015 compared to 2014?



Number of respondents = 380