

Opportunities for strengthening Australia's relations with the Republic of France



Northern Territory Government Submission to the Senate Standing Committees on Foreign Affairs, Defence and Trade's inquiry into opportunities for strengthening Australia's relations with the Republic of France.

Prepared by:

Northern Territory Department of Trade, Business and Innovation
Investment Territory

The Northern Territory Government welcomes the opportunity to comment on the Senate Standing Committees on Foreign Affairs, Defence and Trade's inquiry into opportunities for strengthening Australia's relations with the Republic of France.

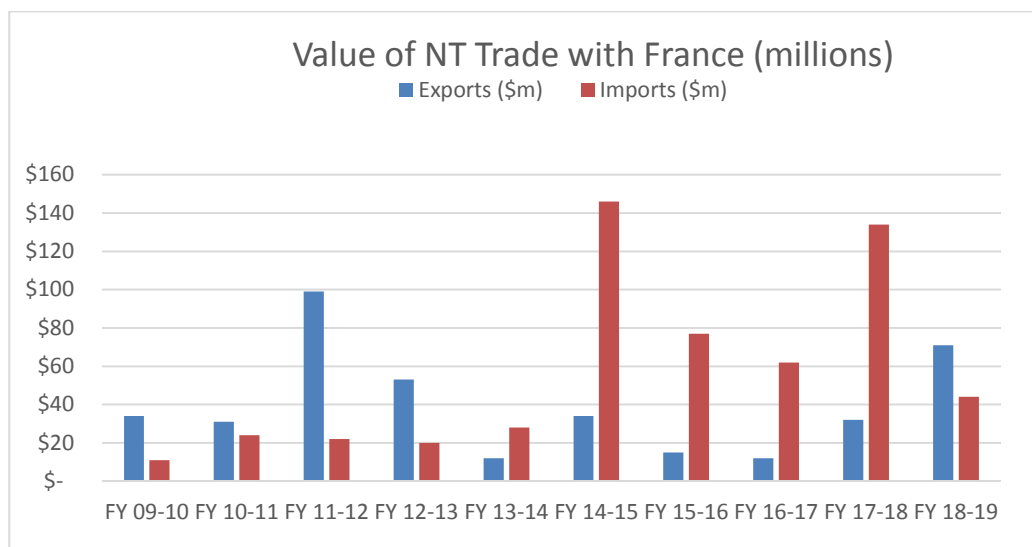
Northern Territory Government's Key Recommendations

The Northern Territory Government Recommends:

1. Northern Territory Government supports all efforts to increase trade and investment into the Northern Territory in the ongoing negotiations of the European Union -Australia Free Trade Agreement.
2. The Northern Territory Government encourages the Australian Government to continue to strengthen trading and streamline trade barriers with our trading partners in Europe.
3. That the Australia Trade and Investment Commission and Department of Foreign Affairs and Trade continues to work with the Northern Territory Government to:
 - a. promote to France the opportunity to diversify their sourcing of critical minerals from their current source market;
 - b. promote to both French Government and private industry stakeholders the opportunities in investing in the Northern Territory's significant resources and energy sectors;
 - c. promote the Northern Territory's emerging space sector, including promoting investment opportunities in small satellite manufacturing and ground systems for small satellite networks; and
 - d. promote the Northern Territory crocodile farming industries production of premium quality saltwater crocodile skins.
4. That the Australian Government promotes to France the fact that the Northern Territory is building the largest ship lift in Northern Australia, located directly adjacent to the hardened barge ramp in Darwin Harbour, to position Darwin as a major international and national player in the marine services industry. There is significant potential for French Navy vessels operating in the Indo-Pacific to undertake some level of maintenance in the Northern Territory, including unscheduled emergency repairs.

Increasing bilateral trade and investment, including future growth areas for exports and imports, and opportunities in the mining industry

The Northern Territory has an established trade and investment relationship with France. In the 2018-2019 financial year, the Northern Territory exported \$71 million of goods to France; these exports were primarily driven by 'confidential items' and 'hides, skins and furskins'. The Northern Territory's imports for the 2018-2019 financial year were \$44 million and comprised of 'transport equipment (excluding road vehicles)', 'general industrial machinery' and 'power generating machinery'. Please refer to attachment A for the trade data from the previous ten financial years.



Northern Territory businesses continue to benefit from Free Trade Agreements (FTA) and the Northern Territory Government supports all efforts to increase trade and investment into the Northern Territory in the ongoing negotiations of the European Union -Australia FTA. The Northern Territory Government encourages the Australian Government to continue to strengthen and streamline trade barriers with our trading partners in Europe.

Resources including Critical Minerals

The Northern Territory economy is dominated by the resources sector, with the mining industry alone valued at \$5.7 billion in 2018-19, a 37.1% increase on last year and the first time the value of the mining sector in the Northern Territory has passed the \$5 billion mark. This was driven by a 4.1% increase in the manufacturing industry to \$946 million and a 46.4% increase in the mining sector to a record \$4.7 billion. The Northern Territory currently exports significant manganese, zinc concentrate, gold, bauxite and LNG.

In the minerals sector the Territory's commodity strengths lie particularly in non-ferrous metals (zinc, copper, lead, tungsten), battery and high-technology minerals (lithium, rare earths and vanadium), fertiliser commodities (phosphate and potash), and gold. The discovery of lithium deposits in the Bynoe field near Darwin in 2016 has generated significant interest in the Northern Territory's lithium potential. It is understood that France is seeking to diversify their sourcing markets for critical minerals, the Northern

Territory offers substantial opportunities for France to source critical minerals for their defence, medical and tech industries. The Northern Territory Government is keen to further discuss these opportunities with both the French Government and Private Industry stakeholders.

There are around 14 mining projects in various stages of the development approvals process, including a number that are close to an investment decision but which need finance or investment partners. This includes large scale rare earths, vanadium, copper, tungsten and phosphate projects. The rare earths and vanadium projects include significant downstream processing to produce high value products, and the Northern Territory Government encourages more minerals processing in the Northern Territory.

Since 2006, French companies have been involved in four mineral investment deals worth \$14.2 million (including oil and gas and silver). European companies are our third largest source of investment into the Northern Territory's minerals and energy sectors.

Energy

The Northern Territory has large onshore and offshore gas resources, with the onshore Beetaloo Sub-basin alone believed to contain more than 500 trillion cubic feet of gas, and with 30 trillion cubic feet of gas resources in offshore basins. In April 2018, the Northern Territory Government lifted its moratorium on hydraulic fracturing of unconventional gas reservoirs. This allows for the potential future development of the Northern Territory's large onshore shale gas resources, subject to the implementation of recommendations from a Scientific Inquiry into Hydraulic Fracturing in the Northern Territory.

This is one of the most significant shale gas opportunities outside of North America, and has the potential to be transformative for the Northern Territory economy. Australia has become the largest LNG exporter in the world, making these production assets important to the energy security of a number of countries in the Asia Pacific region.

In late 2018 one of the world's largest oil and gas projects, Ichthys LNG, commenced production in Darwin and generated a significant boost in Australia's export earnings. The Ichthys LNG project will provide 10 per cent of Japan's energy requirements. The Northern Territory is proud to have a strong relationship with the French oil and gas enterprise 'Total', which currently has 26% equity in the Ichthys LNG Project (US\$34 billion at Final Investment Decision and represents France's largest ever investment in Australia).

Space Industry

With the establishment of the Australian Space Agency, the Australian Government has set a goal of tripling the size of the domestic space industry to AU\$12 billion and employing 20 000 people by 2030.

The Northern Territory is ideally positioned to contribute to this growth by hosting key space industry infrastructure and services, including ground station systems, space launch, stratospheric ballooning facilities and downstream space industries.

The Northern Territory's geographic location provides a host of benefits for launch facilities, ground stations and technology testing facilities due to its:

- proximity to the equator (creating cost efficiencies for launch operators and their customers);
- low population (supporting safe and efficient launch and payload recovery);

- southern hemisphere location and proximity to Asia (well placed to host ground station systems);
- clear skies for much of the year;
- low light pollution; and
- limited noise interference.

The future for the Northern Territory and the space sector is bright. With the development of Australia's first commercial space launch facility in Nhulunbuy (Arnhem Space Centre) progressing rapidly, there will be opportunities right along the satellite and launch supply chain. There is unprecedented opportunity to invest in the Northern Territory's growing space industry, opportunities include investing in small satellite manufacturing and ground systems for small satellite networks, to data collection, analysis and provision of value-added services and technology testing infrastructure.

The Northern Territory's geography and environmental conditions have also supported its establishment as a hub for ground station infrastructure and stratospheric ballooning.

The Northern Territory is the ideal place to meet the future demands of France's growing space industry. The Northern Territory has already attracted two French space industry partners and is keen to work with more in the near future.

The Northern Territory Government is proud to have assisted ArianeGroup establish operations in the Northern Territory. ArianeGroup is a joint venture of the European aerospace company Airbus and the French group Safran. ArianeGroup has partnered with the Centre for Appropriate Technology's (CfAT) commercial subsidiary, CfAT Satellite Enterprises, on the installation of an optical telescope to expand its GEOTracker Space Situational Awareness (SSA) Network in the Northern Territory. The telescope is estimated to be operational by May 2020.

Similarly the Northern Territory is proud to have hosted CNES (French Space Agency), which since 2017 has conducted several scientific balloon launch missions from the Alice Springs Balloon Facility.

Crocodile Skins

The Northern Territory crocodile farming industry is the world leader in the production of premium quality saltwater crocodile skins. French fashion labels like Hermes and Luis Vuitton have a strong growing relationship with the Northern Territory industry.

The value of production of the Northern Territory crocodile farming industry in 2018-19 was \$25 million, including \$19 million for crocodile skins alone. The industry creates employment at all stages from "Marsh to Market", including in remote Aboriginal communities, and has attracted considerable new local and international investment.

Over the past ten years, crocodile farming has evolved from a small cottage industry into a significant economic contributor to the Northern Territory and Australian economies. We have become a well-regarded exporter of the highest quality skins, noted for the consistency of supply and quality of product.

Options for enhancing strategic cooperation, including in the Indo-Pacific region

Both Australia and France share an interest in further developing our presence in the Indo-Pacific region and ensuring the region is stable and adheres to the multipolar order based on the rule of law and free movement, and fair and efficient multilateralism.

For France, the Indo-Pacific space is a geographic reality. France is present in the region via its overseas territories and 93% of its exclusive economic zones are located in the Indian and Pacific Oceans. The region is home to 1.5 million French nationals, as well as 8000 soldiers stationed in the region.

With the Australian Government currently overhauling its northern development agenda, the Northern Territory Government would like to see the Australian Government's 20-year plan for the northern development agenda evolve to address trade tensions and security challenges that were not envisaged when it was developed five years ago.

One such economic and strategic opportunity for the Australian Government is to promote to France the fact that the Northern Territory is building the largest ship lift in Northern Australia, located directly adjacent to the hardened barge ramp in Darwin Harbour, to position Darwin as a major international and national player in the marine services industry. The 103 metre, 5000 tonne, ship lift will be capable of servicing large vessels from industries including offshore petroleum, fishing, pearling, Defence and Border Force. There is significant potential for French Navy vessels to undertake some level of maintenance in the Northern Territory, including unscheduled emergency repairs.

Opportunities to build on shared historical and cultural values and promote tourism, with specific reference to Commonwealth War Graves, cultural exchanges and people-to-people ties.

The Northern Territory has a long established reputation as a unique tourism destination centred on its extraordinary natural landscapes and rich Aboriginal culture. Cultural Tourism is on the rise around the world and the Northern Territory is uniquely placed to offer arts and cultural tourists a compelling reason for increased visitation. Tourism exports from the Northern Territory will continue to grow, with high growth potential markets.

Tourism is an important industry to the Northern Territory, being the third highest contributor to the economy behind construction and mining. Tourism is also an opportunity to create jobs for Aboriginal people, and there are opportunities for tourism enterprise development in remote and regional areas.

The French visitor market is an established, stable visitor market for the Northern Territory. The Northern Territory's Tourism Industry Strategy 2030 sets out high level targets based on the International Visitor Survey results and the 2030 target for the French market is 20 000 holiday visitors. This equates to a 3.6% compound average annual growth rate.

At present the Northern Territory holds 10.1% market share of the Australian French visitor market. The market is strategically important due to the high dispersal rate of French visitors, particularly from the youth segment, who also deliver a high spend per trip. One in six visitors from France visit Australia for a working holiday, much higher than other source markets.

The French market continues to rely on traditional mechanisms to sell Australia, although online travel agents including Expedia and Odigeo (Opodo and E Dreams) are increasing in prominence, particularly in the youth segment. Social media is also playing a key role in influencing travel from the youth market.

Target Market Profile

1. High Value Traveller (aged 50-69 years)
2. Youth segment (aged 15-29 years) and Working Holiday Makers

	France	
	2018-19	Year on Year Change
Visitors	14 000	-11%
Nights	207 000	-0.5%
Expenditure	\$24 M	13%
Average length of stays (nights)	14.9	1.5
Average spend per trip	\$1726	\$363
Visitor Market Share	10.1%	-2.1pp

Cultural and Community activities

The Northern Territory Government's Office of Multicultural Affairs provides support for cultural and community development activities for the French and French speaking community in the Northern Territory, as follows:

- Alliance Francaise De Darwin which provides French language classes and a range of cultural and social events, is funded under the Multicultural Grants program for cultural events and Bastille Day celebrations.
- Alliance Francaise De Darwin has a sharing arrangement with the Greek Orthodox of North Australia (GOCNA) for the use of the Greek School to conduct their French language and activities classes. The GOCNA is funded for this arrangement which enables Alliance Francaise De Darwin to use the facility to conduct French language and cultural education at no cost.

Chief Minister's Anzac Spirit Study Tour

The Northern Territory Government is committed to encouraging young Territorians to discover the crucial role our Defence Force plays in our history.

The annual Chief Minister's Anzac Spirit Study Tour promotes the importance of Anzac Day, Australia's involvement in various conflicts since, and the importance of peacekeeping missions today.

The study tour provides an opportunity for three year 9 or 10 students, accompanied by two chaperones, to visit battlefields of significance to Australia and the Anzacs. In 2019 the successful students travelled to the Western Front in France and Belgium during April 2019 for a 10-day tour as part of the Anzac Spirit Study Tour.

The 2020 Study tour students were to take part of the commemorations in Villers-Bretonneux, France. However due to Covid-19, this year's study tour has now been cancelled.

War and Words – Australia's Leading Military Authors in Darwin

In 2019 the Northern Territory held a 'Territory Tribute International Military Writers' Festival' in Darwin which attracted large numbers of visitors to Darwin. The centrepiece of Territory Tribute was a three-day writers' festival which featured author talks, panel discussions and literary sessions with Australia's leading writers, historians and researchers. Over 20 sessions and 30 prominent military authors including Peter Fitzsimons AM and Richard Walsh presented at the 'War and Words' themed festival.

A series of new and existing events were also included in the Territory Tribute, which was bookended by the Bombing of Darwin Commemoration Ceremony on 19 February and Anzac Day on 25 April 2019.

Opportunities for strengthening Australia's relations with the Republic of France



			<i>Attachment A</i>

France Trade Data	Exports (\$m)	Imports (\$m)	Net Export (\$m)
FY 09-10	34	11	23
FY 10-11	31	24	7
FY 11-12	99	22	77
FY 12-13	53	20	33
FY 13-14	12	28	-16
FY 14-15	34	146	-112
FY 15-16	15	77	-62
FY 16-17	12	62	-50
FY 17-18	32	134	-102
FY 18-19	71	44	27

Notes:

The large export balance in 2011-12 and 2018-19 was due to exports of combined confidential items excluding some of SITC 28099 (exports only) and some of SITC 51099 (imports only).

This data has been sourced from the latest release of International Trade in Goods and Services, December 2019.

Top 10 Exports in the 2018-2019 Financial Year			
SITC	Description	(\$m)	% of Total
98	Combined confidential items excluding some of SITC 28099 (exports only) and some of SITC 51099 (imports only)	42.93	60.29
61	Leather, leather manufactures, nes, and dressed furskins	1.00	1.41
76	Telecommunications and sound recording and reproducing apparatus and equipment	0.38	0.53
89	Miscellaneous manufactured articles, nes	0.12	0.17
29	Crude animal and vegetable materials, nes	0.05	0.06
74	General industrial machinery and equipment, nes, and machine parts, nes	0.02	0.02
75	Office machines and automatic data processing machines	0.01	0.01
87	Professional, scientific and controlling instruments and apparatus, nes	0.01	0.01

Top 10 Imports for the 2018-2019 Financial Year

SITC	Description	(\$m)	% of Total
79	Transport equipment (excl. road vehicles)	16.42	36.83
76	Telecommunications and sound recording and reproducing apparatus and equipment	6.20	13.91
87	Professional, scientific and controlling instruments and apparatus, nes	5.11	11.45
74	General industrial machinery and equipment, nes, and machine parts, nes	4.10	9.19
98	Combined confidential items excluding some of SITC 28099 (exports only) and some of SITC 51099 (imports only)	3.92	8.79
77	Electrical machinery, apparatus and appliances, nes, and electrical parts thereof (incl. non electrical counterparts, nes, of electrical household type equipment)	2.55	5.72
71	Power generating machinery and equipment	2.12	4.76
69	Manufactures of metals, nes	1.12	2.50
75	Office machines and automatic data processing machines	0.89	2.00
33	Petroleum, petroleum products and related materials	0.88	1.97

* SITC refers to Standard International Trade Classification