This Strategy provides practical direction for the NSW Government to grow our trade, investment, education, tourism and cultural connections with Japan.

It is a working document that will be regularly updated and reviewed in response to new opportunities that will benefit both NSW and Japan.

The NSW Government will work closely with the private sector to grow our engagement with Japan, focusing our efforts in the following areas, to:

1. Improve the NSW investment environment
2. Accelerate benefits from the Japan-Australia Economic Partnership Agreement
3. Support the delivery of the 2020 Tokyo Olympics
4. Grow tourism
5. Promote financial services and technology to Japan
6. Grow partnerships between Japan and NSW
7. Strengthen innovation and research links
8. Increase the flow of students between Japan and NSW
Japan and NSW have a highly complementary economic relationship and a long history of successful cooperation

Japan is the world’s third largest economy

Japan has a highly industrialised economy with a well-educated, productive workforce. Japan’s economy has recovered from the impact of the 2008 global financial crisis and the twin disasters of 2011; an earthquake and a tsunami.

The stimulus program being led by Prime Minister Abe’s Government, “Abenomics”, includes a commitment to deregulate the Japanese economy in the key areas of health care, education and agriculture, internationalise the higher education sector and build a more globally capable workforce.

Japan has a large population of 127 million with high levels of disposable income, making it one of the largest consumer markets in the world. This presents significant export opportunities for NSW.

Japan is NSW’s largest export market

NSW merchandise exports to Japan were valued at $9.6 billion in 2013-2014.

Japan is the largest buyer of NSW coal, copper and coking coal and a significant purchaser of our agriculture products including cheese and beef. On the other side of the trade ledger, NSW imports cars, petroleum, tyres and electronics from Japan.

Two-way trade between Japan and Australia will grow under the Japan-Australia Economic Partnership Agreement that entered into force in January 2015, and will result in preferential or duty free access for more than 97% of Australia’s exports to Japan.

Services exports to Japan were valued at $2 billion for Australia as a whole (ABS, 2014). Both NSW and Japan have diverse services economies and there is potential for significant growth in two-way services trade.
Japanese investment in NSW is strong and growing

Japan is a significant global investor. Outbound foreign direct investment (FDI) from Japan has doubled over the last 10 years.

Japan is Australia’s fourth largest overseas investor and third largest source of FDI with an investment stock of $174 billion (2014), more than one third of which is FDI.

While Japanese investment has traditionally been in the resources sector, it has now broadened to include financial services, infrastructure, ICT, property, food and agribusiness – all areas where NSW has strengths.

Australian investment in Japan is also strong with an investment stock of $50 billion.

The NSW-Japan relationship is the most mature in the region

There are many strong and long-standing business and community connections between NSW and Japan.

There are 12,108 people of Japanese origin living in NSW. NSW has the largest number (34%) of Japanese born citizens of any Australian state (2011 Census).

Connections through tourism are also strong with a total of 142,470 visitors travelling from Japan to NSW in the year ending September 2014 (Tourism Research Australia) and almost 80,000 visitors travelling from NSW to Japan (2014).

There are around 4,400 Japanese students studying in NSW. Student exchanges are also popular, with 4,443 Australian students on exchange programs in Japan in 2014. Japanese is the most widely studied language in schools and universities in Australia.

$316 Million
Expenditure by Japanese tourists in NSW

275,000
Australian students study Japanese
Japan is increasingly investing in Australia

Many NSW industries rely on Japan

Proportion of NSW merchandise exports bought by Japan

<table>
<thead>
<tr>
<th>Product</th>
<th>Proportion (%)</th>
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<tbody>
<tr>
<td>Coking coal and semi-coke of coal</td>
<td>73</td>
</tr>
<tr>
<td>Copper</td>
<td>55</td>
</tr>
<tr>
<td>Coal</td>
<td>46</td>
</tr>
<tr>
<td>Cheese and curd</td>
<td>32</td>
</tr>
<tr>
<td>Aluminium</td>
<td>24</td>
</tr>
<tr>
<td>Animal feeds</td>
<td>22</td>
</tr>
<tr>
<td>Measuring instruments</td>
<td>21</td>
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<tr>
<td>Beef</td>
<td>19</td>
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</table>
Established connections with Japan

NSW has a 31 year Sister State Relationship with Tokyo, existing business platforms and strong cultural connections to facilitate ongoing growth of the economic partnership

Effective connections between business leaders

Business leaders from Australia and Japan have connected for more than 50 years through the Sydney-based Australia-Japan Business Co-operation Committee (AJBCC) together with its Tokyo-based counterpart the Japan Australia Business Co-operation Committee (JABCC). Australia’s 60 members account for 70-80% of commodity exports to Japan.

The AJBCC and the JABCC seek to establish closer ties between the businesses of both countries, to promote and facilitate trade relations and to break down barriers.

The AJBCC established an Infrastructure Planning Group in 2007 that is exploring and encouraging joint venture opportunities for work in Japan and in third party countries in Asia.

The AJBCC/JABCC’s annual conference alternates between Australia and Japan and celebrates its 53rd year in 2015. The conference provides a forum for open dialogue at the highest level, attracting 300+ of Australia’s most senior business leaders.

These long-standing business ties underpin the strong trade and investment relationship between Japan and NSW.

Extensive connections between Governments

The NSW Government has a Sister State Relationship with the Tokyo Metropolitan Government, which was signed in May 1984 by then Governor Shunichi Suzuki for Tokyo and Premier Neville Wran for NSW.

The Memorandum of Understanding provides for co-operation in a range of areas, with the most recent agreements covering education, research, tourism and economic development.

NSW and Tokyo are cooperating in areas of Olympics, Public Private Partnerships (PPPs) and disaster recovery. NSW provided an urban search and rescue team to support the response to the 2011 earthquake and tsunami disaster in Japan. The ‘heavy rescue’ team included 65 personnel from NSW, led by Fire and Rescue NSW and supported by NSW Ambulance and NSW Police.

There is also an extensive network of 39 sister city relationships between Japan and NSW. The first of these was signed in 1963 between Yamato-Takada in Nara prefecture and Lismore in Northern NSW. These agreements have led to enduring ties between schools and communities in NSW and Japan.

Growing connections between education and research institutions

Universities, TAFEs and schools are increasingly forming linkages, including student exchanges, academic collaborations and joint research.

The NSW Government signed a Memorandum of Understanding with Japan’s National Institute for Materials Science in 2014. This is a significant initiative involving multiple research collaborations across many NSW institutions, and aims to achieve practical technology outcomes.

In addition, Universities in NSW have successful joint research projects in disciplines ranging from materials science and engineering to agriculture and health research.

Strong cultural and community bonds

Sydney and Japan share many cultural and sporting events including:

- The Handa Opera on Sydney Harbour, which is held annually. It is sponsored by Dr Haruhiisa Handa, a Japanese businessman and philanthropist.
- Japanese art exhibitions and artefacts from Japan are prominent at NSW cultural institutions and galleries across the state.
- The annual Matsuri Festival in Sydney presents Japanese culture to local audiences, attracting Japanese performers and showcasing the diversity of global Sydney.
- The Sydney Running Festival, held in September each year, attracts a large number of Japanese competitors.
- The Australian Rugby Foundation exchanges players with Japan and Sydney is hosting the Australian round of the Sevens World Series for the next four years.
**NSW has a presence in Japan**

The NSW Government has a Trade & Investment office in Tokyo. The office works closely with the Australian Government to:

- Assist NSW businesses to enter the Japanese market
- Identify and attract productive investment into NSW from Japan, and
- Leverage joint-promotional opportunities.

Destination NSW, the NSW Government’s tourism and major events agency, also has an office in Tokyo. The Office works closely with airlines, travel trade and media to promote travel to Sydney and NSW and to increase the number of overnight visitors to NSW.

There are regular visits to Japan by NSW Cabinet Members including the following Missions since 2011:

- The NSW Premier, the Hon Mike Baird MP, led a Mission to Japan in May 2015 to maximise benefits of the Japan-Australia Economic Partnership Agreement, promote the NSW investment environment and grow tourism.
- The former NSW Premier, Hon Barry O’Farrell MP, undertook a four day mission to Japan in February 2014 to build on existing trade and investment links and to attract new investment into priority sectors.
- The then Treasurer, the Hon Mike Baird MP, travelled to Japan in 2012 and 2014 to promote investment opportunities to fund managers in T-corp bonds.
- The former NSW Deputy Premier, the Hon Andrew Stoner MP, led a trade mission to Japan in October 2013 to represent NSW at the JABCC/AJBCC Business Conference and meet with key business leaders.

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**List of NSW-Japan Sister City Relationships**

<table>
<thead>
<tr>
<th>NSW</th>
<th>Japan</th>
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<tbody>
<tr>
<td>Bankstown</td>
<td>Suita</td>
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<tr>
<td>Bathurst</td>
<td>Okuma</td>
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<td>Blue Mountains</td>
<td>Sanda</td>
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<td>Camden</td>
<td>Kashiwa</td>
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<td>Campbelltown</td>
<td>Koshigaya</td>
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<td>Clarence Valley</td>
<td>Izunokuni</td>
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<td>Coffs Harbour</td>
<td>Sasebo</td>
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<td>Cooma-Monaro</td>
<td>Yamaga</td>
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<td>Corowa</td>
<td>Miki</td>
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<td>Dubbo</td>
<td>Minokamo</td>
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<td>Gosford</td>
<td>Edogawa</td>
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<td>Goulburn Mulwaree</td>
<td>Shibetsu</td>
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<td>Hawkesbury</td>
<td>Kyotanba</td>
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<td>Hurstville</td>
<td>Shiroishi</td>
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<td>Lake Macquarie</td>
<td>Hakodate &amp; Tanagura</td>
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<td>Lismore</td>
<td>Yamatotakada</td>
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<td>Liverpool</td>
<td>Toda</td>
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<td>Manly</td>
<td>Taito</td>
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<td>Newcastle</td>
<td>Ube</td>
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<td>Orange</td>
<td>Ushiku</td>
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<td>Penrith</td>
<td>Fujieda, Hakusan</td>
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<td>Pittwater</td>
<td>Tadaoka</td>
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<td>Port Macquarie-Hastings</td>
<td>Handa</td>
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<td>Port Stephens</td>
<td>Yugawara &amp; Tateyama</td>
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<td>Queanbeyan</td>
<td>Minami-Alps</td>
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<td>Rockdale</td>
<td>Yamatsuri</td>
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<td>Singleton</td>
<td>Takahata</td>
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<td>Snowy River</td>
<td>Kusatsu</td>
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<td>Sutherland</td>
<td>Chuo</td>
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<td>Sydney</td>
<td>Nagoya</td>
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<td>Tamworth</td>
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<td>Temora</td>
<td>Izumizaki</td>
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<td>Warringah</td>
<td>Chichibu</td>
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<td>Wellington</td>
<td>Toyama</td>
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<td>Willoughby</td>
<td>Suginami</td>
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<td>Wollongong</td>
<td>Kawasaki</td>
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Targeting opportunities in Japan

NSW will build on the existing success of our partnerships with Japan and identify opportunities for further growth aligned to our competitive advantages

Opportunities emerging from economic reform in Japan

The Abe Government has taken aggressive measures to stimulate the Japanese economy and reach the goal of an additional 2% growth. There are three “arrows” of the “Abenomics” reform. The third arrow involves the reform of various regulations to make Japanese industries more competitive. Similar to the NSW Government’s approach, the Abe Government is also fast-tracking the full privatisation of infrastructure assets and government owned corporations such as the Japan Post Group.

Traditionally, the drivers for Japan’s trade and investment engagement with NSW have been around security of supply in energy, resources, agribusiness, and food commodities. NSW’s top exports to Japan remain coal, metal ores, non-ferrous metals and beef. The Japanese trading houses have a long history in NSW, some over 100 years old, such as Mitsubishi. Many of these trading houses are now looking to diversify their portfolios with new investments in agribusiness, downstream processing and infrastructure.

The new drivers for Japan’s investment in NSW are broader with new partnerships emerging and the increased presence of Japanese financial institutions. Acquisitions include the take-over of Lion Nathan by Kirin, the purchase of the KAZ Group by Fujitsu and the acquisition of Chandler McLeod and Peoplebank by human resources giant Recruit.

Building on our competitive advantages

NSW continues to be an attractive destination for Japanese multinationals that are expanding their global footprint, based on our:

- Triple-A credit rating
- Stable government
- Complementary and diverse economy
- Sound regulatory system and familiar systems of government
- Innovative, knowledge-based industries
- Research and development credentials
- Highly skilled multicultural workforce with Japanese language skills
- Appealing tourism destinations and experiences
- Reliability as a long-term supplier of coal
- Clean and safe source of high quality food
- Ability to access new markets in Asia
- High quality of life.

We will continue to improve the ease of doing business in NSW by speeding up approval processes for major projects, and improving certainty in the resources sector.
Targeting the market and sectors
While Tokyo has been the focus of trade and investment engagement for NSW, Japan is made up of many markets. As shown in the below table, NSW will focus on priority sectors in locations aligned to the opportunities. These will change over time as new opportunities emerge.

Tokyo
Tokyo, with a population of over 13 million is one of the world’s few true alpha cities. Its total gross metropolitan product is valued at $2 trillion. Tokyo is known for its outstanding market scale, accumulation of globally leading companies, substantial public transportation, excellent public safety and hospitality. It is also an international business centre with 76% of the foreign affiliated companies in Japan based in the city.

Osaka
Osaka has a population of approximately 8.8 million making it the third largest city in Japan. Osaka accounts for 8% of Japan’s GDP and promotes a well-balanced economy, including manufacturing, distribution and service industries. Osaka has a high concentration of small and medium sized companies. The Kansai region has a concentration of universities and research institutes.

Nagoya
Nagoya is the largest city in the Chubu region of Japan and has a GDP of $560 billion. Nagoya is a manufacturing hub producing automobiles, automobile parts, machine tools and aircraft parts. Toyota City is located nearby and the city is also the home to fine ceramics brand Noritake, Brother electronics and the rail company JR Central.

Sapporo
Hokkaido’s central city, Sapporo, is the fifth largest city in Japan with a population of nearly 2 million people. The city’s major industries include wholesaling/retailing, services and information. Sapporo is working to attract IT, digital content and biotechnology companies as well as food product manufacturing industries.

Fukuoka
Fukuoka is the business and transportation hub of Kyushu Island located in south western Japan. Fukuoka has a GDP of $205 billion and is home to many of Japan’s innovation companies such as Sony, Toshiba, Hitachi and Mitsubishi Electric.

NSW priority sectors across Japan

<table>
<thead>
<tr>
<th>NSW priority sectors across Japan</th>
<th>Investment</th>
<th>Trade &amp; Investment</th>
<th>Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Infrastructure</td>
<td>ICT</td>
<td>Advanced Manufacturing</td>
</tr>
<tr>
<td>Tokyo</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Osaka</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Nagoya</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Sapporo</td>
<td>✓</td>
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<tr>
<td>Fukuoka</td>
<td>✓</td>
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The NSW Government is prioritising sectors to grow our trade and investment relationship with Japan

1. Improve the NSW investment environment

Japan is the fourth largest overseas investor in Australia, with a total investment stock of $174 billion in 2014, more than one third of which is FDI (DFAT, 2014)). The new Japan-Australia Economic Partnership Agreement (JAEPA) has made investment in Australia more appealing by raising the Foreign Investment Review Board (FIRB) screening threshold for Japanese investments in non-sensitive sectors from $252 million to $1,094 million (DFAT, 2014).

Japanese investors with substantial funds under management are looking for offshore investment opportunities that provide high returns and diversified risk profiles. This is particularly the case for Japanese trading houses and Japanese banks.

NSW is well placed to attract this Japanese investment, particularly in infrastructure and agribusiness.

In addition to our 10 year, $20 billion Rebuilding NSW package, the NSW Government has announced an infrastructure spend of $61.5 billion to 2017-18 to drive economic development across the State. A large component will be contracted to the private sector to deliver through individual tenders and Public Private Partnerships (PPPs).

The NSW Government will promote infrastructure investment opportunities, particularly PPPs, to Japanese investors.

PPP projects in Japan present opportunities for NSW businesses familiar with this approach to share knowledge and experience with Japanese partners.

Japanese companies have a long history with the NSW coal industry and there continues to be opportunities to attract further inward investment to NSW resources and energy sectors, including renewable energy, and opportunities to integrate local Mining, Equipment and Technology services businesses into global supply chains.

The majority of Japan’s food needs are met from imported food. This presents opportunities for NSW agriculture and processed food and beverage exporters.

**ACTION 1**

**Improve the NSW investment environment**

- Promote opportunities for direct and indirect investment in current NSW infrastructure projects to Japanese banks and trading houses seeking international diversification.
- Facilitate collaboration between Japanese trading houses and Australian fund managers to explore opportunities to form partnerships for investment in both Australian and Japanese infrastructure.
- Promote inward investment opportunities into NSW’s resources and energy sectors, including mining equipment, renewable and energy efficiency technology and services.
- Create a more favourable investment environment by halving assessment timeframes for major projects, including resources projects, over the next four years.
- Promote opportunities to invest in NSW agrifood and advanced food processing as a means of diversifying investment portfolios and help secure Japanese food supply.
Accelerate benefits from the Japan-Australia Economic Partnership Agreement

JAEPA was signed by Prime Minister Abe and Prime Minister Abbott in July 2014 and entered into force on 15 January 2015. Once fully implemented, the Agreement gives preferential market access or duty free access for more than 97% of Australian exports to Japan.

For NSW, the Agreement is an opportunity to grow the export of our agricultural products, with reduced tariffs on beef, seafood, fruit and cheese. The Agreement also guarantees access to the Japanese market for a range of NSW service suppliers including financial, legal, education and telecommunications services.

Japan relies on imports for 61% of its food needs (by calories). This strong demand from Japan along with NSW’s reputation for supplying quality and safe foods, creates new opportunities for the NSW food and beverage sector.

Import volumes of beef for March 2015 show a 24% increase from the same period in 2014, demonstrating that growth is already occurring under the JAEPA. Specific opportunities have been identified for:

• wine – elimination of the 15% tariff on bottled wine over 7 years and immediate elimination for bulk wine
• beef – including a 19% tariff reduction for frozen beef over 18 years
• macadamias – immediate elimination of tariffs up to 6%
• walnuts – phased elimination of the 10% tariff on walnuts over five years

In addition to exporting to Japan for domestic consumption, there are opportunities for NSW food and beverage producers to tap into extensive Japanese supply chains across South East Asia.

NSW also boast considerable research and development capability in a range of relevant fields including primary industries, food production and precision farming. Research in finance, capital markets and services are also strengths of NSW.

ACTION 2

Accelerate benefits from the Japan-Australia Economic Partnership Agreement

• Partner with the Australian Government to promote the benefits of the Agreement, including holding joint workshops with industry groups and providing information on tariff reductions.
• Partner with industry to lead trade missions in areas where a competitive advantage exists.
• Provide practical support to NSW food and beverage producers to enter or expand their presence in the Japanese market as well as Japanese supply chains in Asia.
• Promote expansion of our service exports in funds management, legal and education services.
• Identify actions to support our industries to capitalise on the opportunities, including removing any remaining barriers.
3 Support the delivery of the 2020 Tokyo Olympics

Tokyo is host city for the 2020 Olympics and the 2019 Rugby World Cup.

NSW will work with Japan to share the significant expertise that NSW companies gained at the Sydney 2000 Olympic Games and since then through involvement in other major international sporting events, including the London 2012 Olympics. Sydney has also achieved an impressive Olympic legacy over the past 15 years and will share this experience with Tokyo.

The Tokyo Government will commission several new stadium construction projects. While there will be no international tenders for these projects, there will be opportunities for NSW companies to partner with Japanese firms. Japan will be seeking international expertise in the areas of design, refurbishment, sustainability, security planning, event management, ceremony production, hospitality, workforce training including volunteers and sports training.

**NSW has world leading capabilities in major sporting events delivery.**

Over 140 Australian companies and event specialists have been involved in major global sporting events since the Olympics in Sydney 2000. Three of the international advisors to the successful Tokyo 2020 Olympic bid were from NSW – Ways & Means Consultancy, Intelligent Risks and Diane Bernstein Design. LHC Global was also engaged to assist the Tokyo Organising Committee for the Olympic Games in the development of the strategic plan.

In particular, we have significant capability in:

- project management training for major sporting events and volunteer training and recruitment
- event staging services
- design, construction and project management of major infrastructure for major sporting events.

NSW is home to 33% of Australia's architectural industry establishments, 29% of industry employment and a high share of Australia’s engineering consulting industry, which often includes architectural services. Many NSW architects’ firms have large global practices and exposure to sustainable innovative developments, such as the Beijing National Aquatic Centre and large buildings/structures in the Middle East.


**ACTION 3**

**Support the delivery of the 2020 Tokyo Olympics**

- Offer to share knowledge and NSW capabilities through our Sister State Relationship with Tokyo to support the planning and delivery of major sporting events.
- Provide a complete visit program and access to our Olympic experts for decision makers visiting Sydney from Japan.
- Leverage efforts by Commonwealth agencies to promote NSW capabilities. This includes the Match Australia – International Sports Business Program, which includes advocacy to overseas event organisers on Australia’s global expertise in major sporting events.
- Support NSW companies that are bidding or preparing to bid for contracts related to the 2019 Rugby World Cup and 2020 Olympics.
4 Grow tourism

NSW receives around half of all Japanese visitors to Australia

There were 142,470 visitors to NSW from Japan in the year ending September 2014. Visitors from Japan stayed 3.5 million nights, with an average length of stay of 25 nights.

Japan is the sixth largest source of tourists to NSW. Japan also features in the top 10 market for young travellers visiting NSW. In the year ending September 2014, 41% of the visitors were between 15 and 29 years of age.

NSW received 40.2% of Japanese visitors and 40.2% of nights by Japanese travellers to Australia. An increasing number of NSW residents are visiting Japan, with almost 80,000 visitors in 2014.

Japan has been identified as one of the markets to drive visitor expenditure growth to NSW by 2020.

Destination NSW, the NSW Government’s tourism and major events agency, has an office in Tokyo and works closely with airlines, travel trade and media to promote travel to Sydney and NSW and increase the number of overnight visitors to NSW.

The NSW Government, through Destination NSW, undertakes cooperative marketing campaigns with airlines and travel trade partners as well as provides travel trade support and training programs in Japan.

ACTION 4

Grow tourism

• Work with airlines, wholesale, retail and online travel partners to undertake co-operative marketing activities in Japan to increase visitation to Sydney and NSW.
• Support aviation and route development.
• Improve the quality and range of visitor experiences promoted to the Japanese market.
• Work in partnership with Study NSW to attract Japanese students to NSW.
• Increase travel trade support and education programs.
• Work with travel trade partners to develop new NSW itineraries and encourage inclusion of regional NSW destinations in tour programs.
• Expand commercial and government partnerships.
• Increase publicity activities to promote NSW destinations, experiences and events.
Priority actions

5 Promote NSW financial services and technology to Japan

There are new areas of opportunity for export of NSW financial services capabilities to Japan. There is also increasing demand in the sophisticated Japanese market for financial technology, the delivery of financial services through digital and mobile media ("fintech").

Japanese banks are investing in partnerships with IT companies to digitise and automate their banking processes and improve customer service. For example, Mitsubishi UFJ recently launched a contest for the development of platforms and technologies to enable service through a mobile phone.

NSW financial services institutions are already well established in Japan and many are already implementing mobile and digitally driven solutions that can be shared with Japanese companies. JAEPA also provides opportunities for NSW companies to provide financial services on a ‘cross border’ basis without needing to open a full commercial presence. This will effectively guarantee NSW financial service providers access to one of the largest funds management (including pension funds) markets in the world.

Japanese investors are looking to these new financial products to improve rates of return through managed investment funds.

Australia has the third largest pool of funds in the world and the funds management sector possesses highly sophisticated and internationally competitive firms that have extensive experience in managing institutional investor mandates across a range of asset classes. Nine of the ten largest Australian funds management firms are based in NSW. Sydney is also home to some 450 companies, from startups to established players, active in the fintech sector. These companies are supported by the industry-led Knowledge Hub in fintech which was launched in March 2015 and aims to boost industry and R&D collaboration in this sector. Sydney fintech hubs, such as Stone and Chalk and ‘The Tyro fintech hub’, are also helping to develop a high quality fintech startup ecosystem.

**ACTION 5**

Promote NSW fund management capabilities

- Target two-way financial services opportunities, with a focus on portfolio fund management services and fintech.
- Work with Austrade to promote and establish a presence of Australian funds management services in Japan.
- Promote NSW world class capabilities to deliver fintech solutions and be a quality cost-efficient alternative to the US and UK, including via missions and major NSW events such as CeBIT (an international ICT showcase held in Sydney).
- Inform NSW fintech firms of opportunities in Japan through engagement with the Fintech Knowledge Hub.
- Subject to demand, facilitate partnerships with large Japanese investors/venture capital networks to help NSW firms access capital for high demand fintech solutions.
6 Grow partnerships between Japan and NSW

Collaboration between NSW and Japan to deliver infrastructure

In the Asia-Pacific region, NSW and Japan are both leaders in delivering major infrastructure projects. Because NSW was an early pioneer of PPPs, our local businesses have up to 20 years’ experience working with governments to deliver solutions to infrastructure challenges. Japanese businesses, especially financiers, have substantial experience working in cities around the world to deliver major infrastructure projects. Japanese firms and NSW firms have demonstrated a successful, collaborative culture by jointly delivering projects in Sydney such as the Sydney Harbour Tunnel. NSW and Japan are both situated in the fast-growing Asia-Pacific region. Governments in our region have an increasing requirement for world-class infrastructure, which will support future population and economic growth. There is opportunity for NSW and Japanese firms to combine their expertise and jointly bid for projects across the region.

The NSW Government can bridge connections between the highly capable firms in NSW and Japan. The NSW Government can also showcase its experience working with these firms from its successful track record extending over 20 years.

NSW-Tokyo Sister State Relationship

The Japan-NSW relationship is based on shared values and mutual trust.

NSW and the Metropolis of Tokyo entered into a formalised Sister State Relationship on 9 May 1984 and signed a subsequent Memorandum of Understanding (MOU) providing for cooperation in public administration, economic growth, technology, education, culture and tourism.

NSW sees opportunities for future collaboration under the MOU in areas including Olympic Games expertise, infrastructure/PPPs, agriculture, disaster management and education.

NSW will also continue to conduct regular high level trade and investment missions to Japan and encourage visits to NSW by senior Japanese officials and business delegations.

ACTION 6

Grow partnerships between Japan and NSW

• Encourage Australian and Japanese firms to combine their expertise and jointly bid for public private partnership work in the Asia-Pacific.
• Bridge connections between NSW and Japanese firms.
• Encourage more NSW businesses to export their infrastructure expertise.
• Work with the AJBCC to support joint NSW/Japan infrastructure missions to third countries in Asia.
• Promote NSW capabilities and expertise in PPPs and asset privatisation, including our ability to assist with Japanese projects through transfer of the skills and expertise of engineers, architects, project managers and other design professionals.
• Explore areas of future collaboration under the NSW-Tokyo Sister State agreement including Olympic Games expertise, education links, infrastructure/PPPs, agriculture and disaster management.
• Work with alumni networks and strengthen cultural links.
Priority actions

7 Strengthen innovation and research links

NSW is also working to increase research and development links with Japan.

The scope of science and research in NSW is wide ranging and boasts outstanding strengths across a variety of fields – from next generation communications, to energy technology, finance, robotics, biotechnology, eResearch, health and medical research, materials, devices and many more. This culture of innovation is supported by the presence in NSW of research across different sectors (firms, universities, publically-funded research agencies, medical research institutes, etc.) including Australian Research Council Centres of Excellence and Cooperative Research Centres.

Agriculture and robotics are two examples of fields where the research strengths of NSW align with areas of mutual industry priority for the two jurisdictions. In early 2015, researchers at the CRC for Spatial Information ran a trial, funded by the Japanese Government, of a satellite controlled robotic tractor for rice growing in rural NSW.

In 2014, the state of NSW entered into a bilateral agreement with Japan’s National Institute for Materials Science (NIMS) to allow NSW researchers to access the suite of research visitor programs offered by NIMS that are available only to partner institutions. There is synergy between the NSW and NIMS research communities including in areas of alternative energy technologies, batteries, photonics, quantum materials, biomaterials and many others. By formalising collaboration between NSW and NIMS, previously untapped R&D opportunities can be pursued.

Both Australia and Japan are linked into the Science Media Centre Global Network providing tremendous opportunities to communicate NSW’s research strength and encourage collaborations with Japan.

There is great value for both jurisdictions in having PhD students travel between Japan and NSW. Such engagement can help maximise collaboration and is a useful means to drive co-publications between research teams.

NSW is also a leader in medical research, with world leading organisations such as the Garvan Institute. There are opportunities to create links with the recently established Japan Agency for Medical Research and Development.

ACTION 7

Strengthen innovation and research links

• Increase research and development collaboration, including through bilateral agreements.
• Promote opportunities under the NIMS agreement.
• Promote Australia’s science and research capability through the Science Media Centre of Japan.
• Build on joint strengths in robotics R&D to find new applications in NSW and Japan, particularly in agriculture and aged care.
8 Increase the flow of students between Japan and NSW

Educational links provide a strong link between Japan and NSW. In 2014 there were 4,380 Japanese student enrolments in NSW courses, the most of any state. Vocational Education and Training (VET) with 1,443 enrolments and English language courses (2,141 enrolments) are the most popular courses.

In 2014 Japan was NSW’s largest market for study tours, with 95 study groups and 4,190 people visiting NSW schools. In addition, 57 Japanese teachers from the Tokyo Metropolitan Board of Education participated in a teacher professional development program in NSW schools.

The Japanese Government has announced a major education reform agenda to build ‘global human capital’ including through English language, cultural literacy and global leadership courses. This reform agenda is being complemented by Japanese corporate employers who are also focused on building the global literacy of their workforce. Japan’s commitment to global human capital development is demonstrated by the Ministry of Education, Culture, Sports, Science and Technology’s (MEXT) plan to double the number of study abroad students from 60,000 to 120,000 by 2020, and substantially increase the budget for study abroad programs. Japan has also announced the establishment of 100 ‘Super Global High Schools’ and 200 International Baccalaureate schools, as well as the ‘Top Global University Project’ which aims to strengthen the international compatibility and competitiveness of higher education in Japan.

NSW is uniquely placed to respond to Japan’s global human capital needs. NSW is an English speaking, multicultural state with strong business links to and knowledge of Japan and Asia more broadly. International education is NSW’s largest services export and was valued at $5.779 billion in 2014, with the overwhelming majority of international students coming from Asian countries. As at December 2014, Japan was the 11th largest source of international student enrolments for NSW.

Under JAEPA, Australia will obtain guaranteed market access for Australian education providers to Japan’s higher education services market, including VET. Japan has also guaranteed equal treatment for Australian education providers in areas other than primary and secondary schooling.

In addition, Japanese students wanting to study at a wide range of Australian education and training providers will be able to apply for low-interest loans offered by the Japan Student Services Organization.

ACTION 8

Increase the flow of students between Japan and NSW

• The NSW Government will continue to actively position NSW in the Japan market as a leader in secondary education, higher education and global human capital development.
• Increase market share for NSW VET, English Language Intensive Courses for Overseas Students (ELICOS) and university providers by promoting NSW capacity in terms of university places, tailored corporate education programs, volunteer training for major sporting events, English plus alpha courses, degree to diploma pathways, faculty and staff training to support the Top Global University Project, and teacher training by higher education providers to support Japan’s Super Global High Schools.
• Increase opportunities for school providers by promoting NSW capacity to provide study tours and one year study abroad programs.
• Update Japanese stakeholders on NSW Government efforts to support the Japanese student experience in NSW, including improved information and advisory support for Japanese students.
### What NSW will do

<table>
<thead>
<tr>
<th>Action</th>
<th>Improve the NSW investment environment</th>
<th>Lead</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Promote opportunities for direct and indirect investment in current NSW infrastructure projects to Japanese banks and trading houses seeking international diversification.</td>
<td>Department of Premier &amp; Cabinet</td>
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<td></td>
<td>Facilitate collaboration between Japanese trading houses and Australian fund managers to explore opportunities to form partnerships for investment in both Australian and Japanese infrastructure.</td>
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<td>Promote inwards investment opportunities into NSW’s resources and energy sectors, including mining equipment, renewable and energy efficiency technology and services.</td>
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<td>Create a more favourable investment environment by halving assessments timeframes for major projects, including resources projects, over the next four years.</td>
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<td></td>
<td>Promote opportunities to invest in NSW agrifood and advanced food processing as a means of diversifying investment portfolios and securing Japanese food supply.</td>
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<th>Action</th>
<th>Accelerate benefits from the Japan-Australia Economic Partnership Agreement</th>
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<td>2</td>
<td>Partner with the Australian Government to promote the benefits of the Agreement, including holding joint workshops with industry groups and providing information on tariff reductions.</td>
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<td>Partner with industry to lead trade missions in areas where a competitive advantage exists.</td>
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<td>Provide practical support to NSW food and beverage producers to enter or expand their presence in the Japanese market as well as Japanese supply chains in Asia.</td>
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<td>Promote expansion of our service exports in funds management, legal and education.</td>
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<td></td>
<td>Identify actions to support our industries to capitalise on the opportunities, including removing any remaining barriers.</td>
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<th>Action 3</th>
<th>Support the delivery of the 2020 Tokyo Olympics</th>
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<td>• Offer to share knowledge and NSW capabilities through our Sister State Relationship with Tokyo to support the planning and delivery of major sporting events.</td>
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<td>• Provide a complete visit program and access to our Olympic experts for decision makers visiting Sydney from Japan.</td>
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<td>• Leverage efforts by Commonwealth agencies including Austrade to promote NSW capabilities, including under the Match Australia – International Sports Business Program, which includes advocacy to overseas event organisers on Australia’s global expertise in major sporting events.</td>
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<td>• Support NSW companies that are bidding or preparing to bid for contracts related to the 2019 Rugby World Cup and 2020 Olympics.</td>
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<th>Action 4</th>
<th>Grow tourism</th>
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<td>• Work with airlines, wholesale, retail and online travel partners to undertake cooperative marketing activities in Japan to increase visitation to Sydney and NSW.</td>
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<td>• Support aviation and route development.</td>
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<td>• Improve the quality and range of visitor experiences promoted to the Japanese market.</td>
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<td>• Work in partnership with Study NSW to target Japanese students to NSW.</td>
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<tr>
<td>• Increase travel trade support and education programs.</td>
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<td>• Work with travel trade partners to develop new NSW itineraries and encourage inclusion of Regional NSW destinations in tour programs to increase length of stay and yield.</td>
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<td>• Expand commercial and government partnerships.</td>
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<td>• Increase publicity activities to promote NSW destinations, experiences and events.</td>
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## What NSW will do

### Action 5  Promote NSW fund management capabilities

- Target two-way financial services opportunities, with a focus on portfolio fund management services and fintech.
- Work with Austrade to promote and establish a presence of Australian funds management services in Japan.
- Promote NSW world class capabilities to deliver fintech solutions and be a quality cost-efficient alternative to the US and UK, including via missions and major NSW events such as CeBIT (an international ICT showcase held in Sydney in May).
- Inform NSW fintech firms of opportunities in Japan through engagement with the Fintech Knowledge Hub.
- Subject to demand, facilitate partnerships with large Japanese investors/Venture Capital networks to help NSW firms access capital for high demand fintech solutions.

### Action 6  Grow partnerships between Japan and NSW

- The NSW Government will encourage Australian and Japanese firms to combine their expertise and jointly bid for public private partnership work in the Asia Pacific.
- Bridging connections between NSW and Japanese firms.
- Encouraging more NSW businesses to export their infrastructure expertise.
- Working with the AJBCC to support joint NSW/Japan infrastructure missions to third countries.
- Promote NSW capabilities and expertise in PPPs and asset privatisation, including our ability to assist with Japanese projects through transfer of the skills and expertise of engineers, architects, project managers and other design professionals.
- Exploring areas of future collaboration under the NSW-Tokyo sister state agreement including Olympic Games Expertise, education links, Infrastructure/PPPs, agriculture and disaster management.
- Working with alumni networks and strengthening cultural connections.
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