



AUSTRALIA'S
INTERNATIONAL
BUSINESS
SURVEY 2019

CHINA SUB REPORT



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EXECUTIVE SUMMARY

Australia's International Business Survey (AIBS) 2019 is a collaborative effort between the Export Council of Australia (ECA), the Australian Trade and Investment Commission (Austrade) and the Commonwealth Bank of Australia (CBA). AIBS is the largest undertaking of its kind and has been surveying current conditions and future outlook of internationally engaged Australian businesses since 2014.

In 2019, AIBS surveyed a total of 593 businesses who were actively undertaking international business activities representing 75 industry subsectors across more than 90 international markets.

This sub-report focuses on the 122 AIBS 2019 respondents for whom the People's Republic of China (China) was one of the two most important markets for their international revenue. These respondents comprised 22% of total survey respondents. China was the second-most important international revenue market for survey respondents overall, after the United States and ahead of Singapore and the United Kingdom.

Of the respondents for whom China was one of the two most important markets, one in five were from manufacturing, 17% agriculture, 13% education and training and 11% professional services sectors. These were also the top four sectors represented by AIBS 2019 respondents overall.

Of the respondents for whom China was one of the two most important markets, most were medium enterprises, with 20 to 199 employees (37%), which is slightly higher than for survey respondents overall. This was followed by 25% of respondents classified as micro businesses (employing up to four people). China was important for more large businesses than the overall average: 15% of respondents for whom China was one of the two most important markets employed more than 200 employees – this is six percentage points higher than the proportion of large businesses in AIBS 2019 overall (9%).

In terms of total revenue, 30% of respondents for whom China was one of the two most important markets reported earning between AUD 5 million and AUD 50 million in the last financial year which is higher than the overall survey figure of 24%. This was followed by 27% of respondents who reported earnings of AUD 1 million or less. One-fifth (20%) of respondents reported earnings of AUD 50 million or more which is higher than the survey overall of 12%.

Just over one-quarter (27%) of respondents for whom China was one of the two most important markets first earned international revenue in the last five years, while a further 27% started earning international revenue between 11 to 20 years ago. These percentages were mostly in-line with survey respondents overall.

THE BREADTH OF INTERNATIONAL BUSINESS ENGAGEMENT

Respondents for whom China was one of the two most important markets were more likely to be engaged in the export of goods (58%) and the export of services (48%). This was followed by import of goods (35%), making outward investment (18%) and other international activities (including research and development), accounting for 18% of respondents. Those respondents receiving inward investment accounted for 16%, which is much higher than the overall survey figure of 9%.

Of those respondents with China as a top two market, 42% mainly sold to consumers compared to the corresponding figure of 26.5% for overall survey respondents.

Most respondents for whom China was one of the two most important markets earned less than AUD 1 million in international revenue in the last financial year (45%), though this was a smaller proportion than that of AIBS 2019 respondents overall (56%). At the higher end, 10% earned more than AUD 50 million in international revenue in the last financial year, which is higher than the percentage of overall survey respondents (6%) who also earned the same amount.

In terms of the number of international markets served, respondents for whom China was one of the two most important markets tended to earn international revenue from a large variety of countries. While 33% earned revenue from one to two markets, at the higher end, 11% of respondents earned international revenue from more than 20 countries.

For respondents with China as a top two market, the other most important revenue markets were the United States (11%), Hong Kong (10%), and Singapore (7%). This was followed by Japan and New Zealand, each accounting for 6% of respondents.

BEYOND 2019: NEW MARKETS & FUTURE OUTLOOK

Respondents were slightly less optimistic about their financial outlook than survey respondents overall, with 52% expecting the next two years to be better than the last two. Just 9% expected the next two years to be worse while 36% expected them to be the same. These percentages are in line with AIBS 2019 respondents overall.

From these respondents, and in line with overall survey figure, 73% said their outlook has influenced their employment plans in Australia, with 56% planning to increase employment (lower than the 64% reported by the overall survey). For respondents for whom China was the most important market, 12% intended to decrease head count within the next two years.

For respondents for whom China was one of the two most important markets, 23% planned to do business in 4-5 new markets over the next two years (23%), while 6% planned to do business in more than ten new markets.

The top five target markets were Indonesia (20%), Japan (15%), India (14%), and the United States (13%).

While the majority (30%) did not plan to make any changes in their target markets, the main reasons for any changes was expansion of markets (11%) followed by the emergence of new international opportunities (10%) and focus/growth in South East Asia, which was relevant for 10% of respondents.

1.0

RESPONDENT PROFILE



1.0

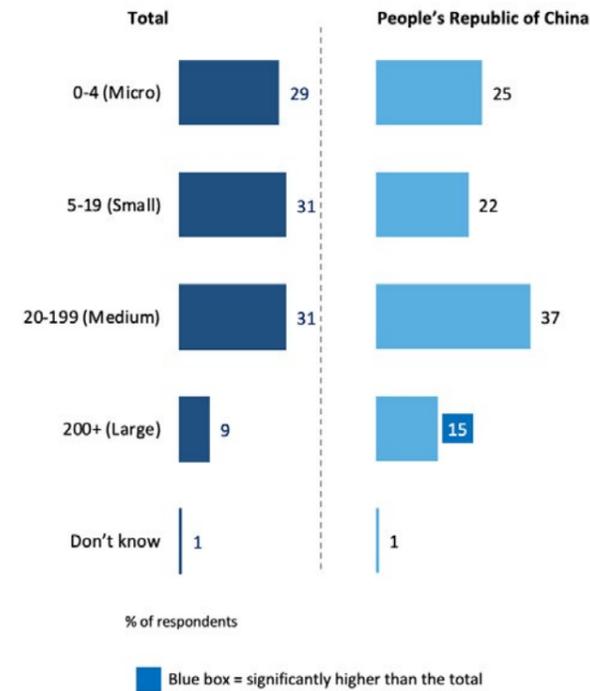
RESPONDENT PROFILE

FIGURE 1.1. WHAT IS THE MAIN INDUSTRY OF YOUR COMPANY

% of respondents	Total	People's Republic of China
Manufacturing	25	20
Agriculture, Forestry and Fishing	12	17
Professional, Scientific and Technical Services	10	11
Education and Training	10	13
Other Services	7	4
Wholesale Trade	6	9
Information Media and Telecommunications	5	2
Mining	5	2
Arts and Recreation Services	4	4
Construction	3	3
Retail Trade	3	2
Financial and Insurance Services	2	2
Health Care and Social Assistance	2	3
Electricity, Gas, Water and Waste Services	2	0
Accommodation and Food Services	2	2
Transport, Postal and Warehousing	1	1
Administrative and Support Services	1	1
Public Administration and Safety	1	1
Rental, Hiring and Real Estate Services	0	1
Don't know	1	0

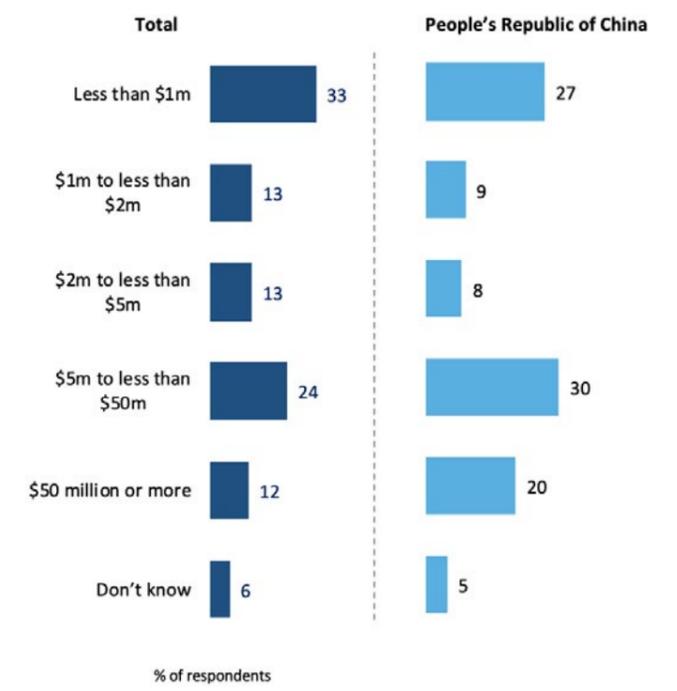
Q56. What is the main industry of your business?
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 1.2. NUMBER OF EMPLOYEES



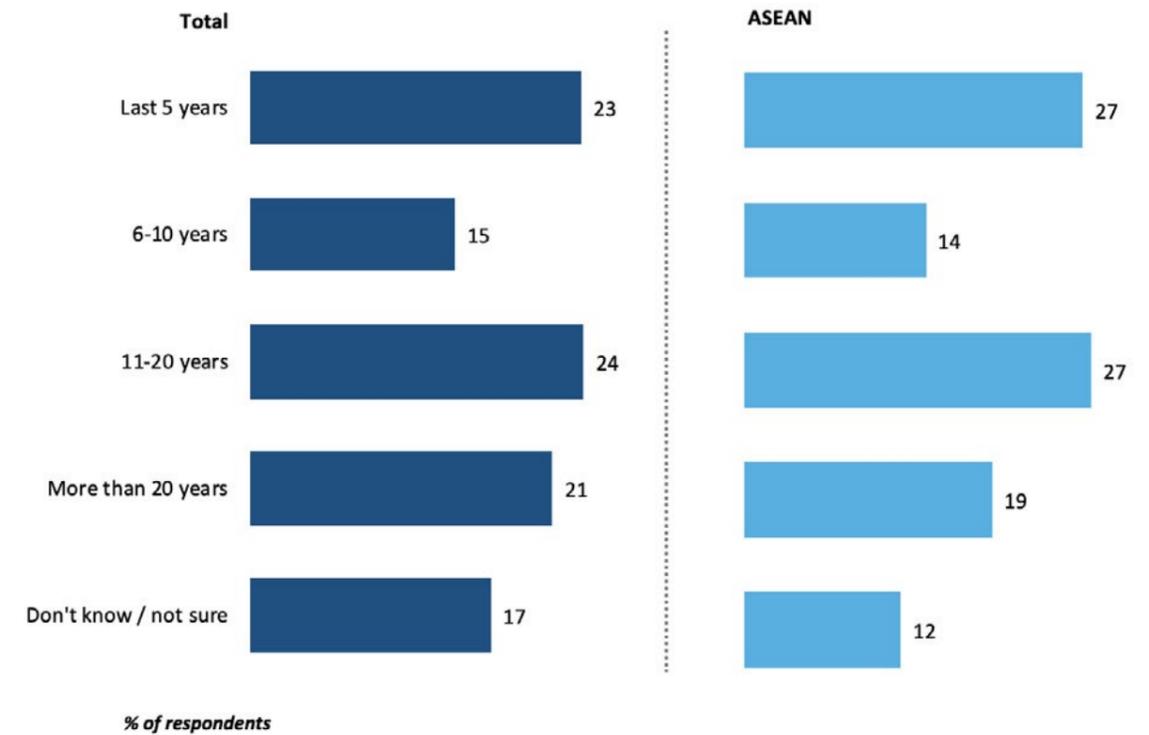
Q59. How many employees does your business have? (% of respondents)
Base: all respondents, Total n=592, People's Republic of China n=122

FIGURE 1.3. TOTAL REVENUE LAST FINANCIAL YEAR



Q60. What was your business's total revenue last financial year? (% of respondents)
Base: all respondents, Total n=592, People's Republic of China n=122

FIGURE 1.4. YEAR STARTED EARNING INTERNATIONAL REVENUE



Q23. What year did your business start earning international revenue?
Base: all respondents, Total n=593, ASEAN n=154



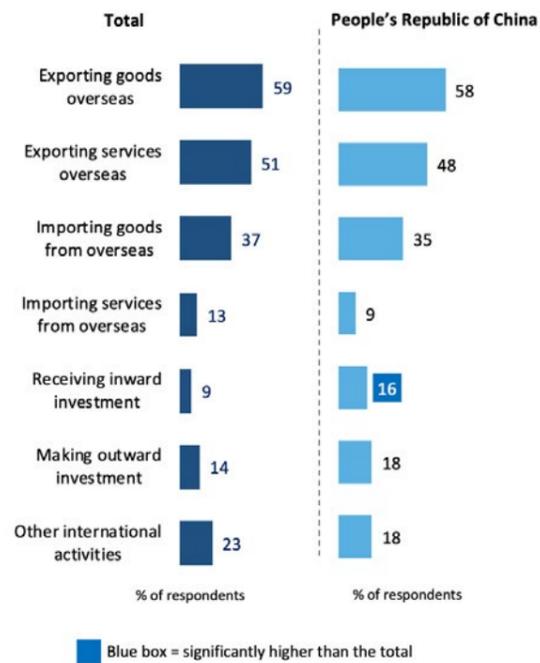
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**THE BREADTH OF
INTERNATIONAL
BUSINESS
ENGAGEMENT**

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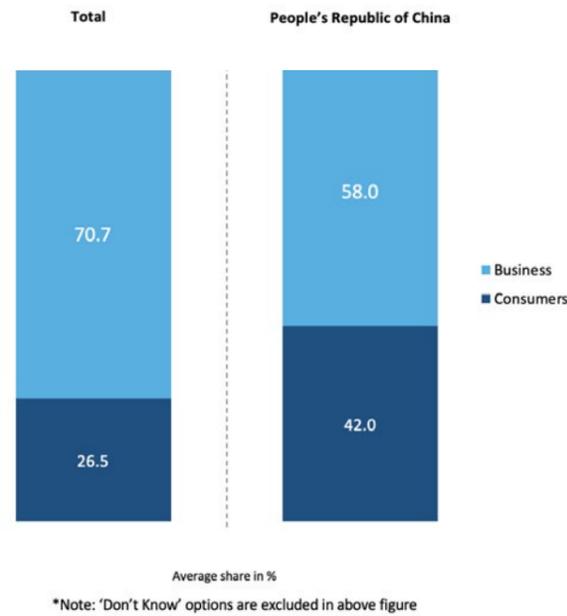
THE BREADTH OF INTERNATIONAL BUSINESS ENGAGEMENT

FIGURE 2.1. TYPES OF INTERNATIONAL ACTIVITY BY SELECTED INDUSTRY



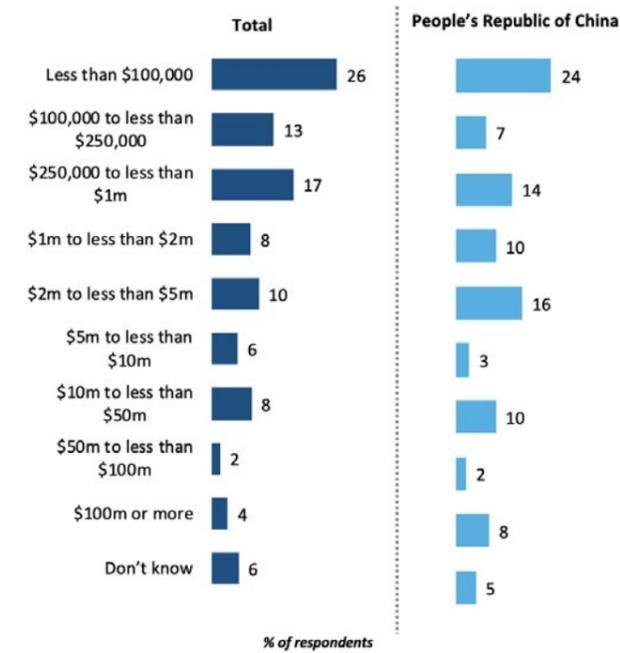
Q5. Over the past year, has your business been involved in any of the following activities? Please select all that apply. (% of respondents)
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 2.2. PERCENTAGE OF EXPORT SALES: OVERSEAS CONSUMERS VERSUS BUSINESSES



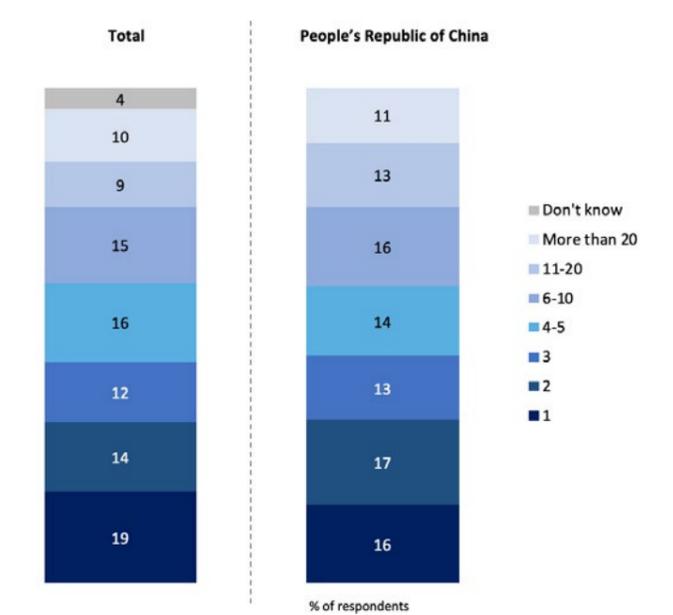
Q31- What percentage of your export sales are for overseas consumers compared to overseas businesses? (average share in %)
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 2.3. SIZE OF INTERNATIONAL REVENUE LAST FINANCIAL YEAR



Q24. How large was your total international revenue last financial year?
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 2.4. NUMBER OF COUNTRIES EARNING INTERNATIONAL REVENUE FROM



Q25. From how many countries has your business earned international revenue in the last 12 months? (% of respondents)
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 2.5. TOP 2 MARKETS FOR INTERNATIONAL REVENUE AND THEIR REVENUE SHARE

Market	% of respondents	Total Share of Int. revenue	People's Republic of China Share of Int. revenue
United States	24	48	11
People's Republic of China	22	49	100
Singapore	10	41	7
United Kingdom	9	40	4
New Zealand	9	45	6
India	6	40	5
Hong Kong	6	36	10
Japan	6	45	6
Canada	5	27	0
Indonesia	5	41	4
Germany	5	29	2
Thailand	5	35	4
Malaysia	4	27	4
United Arab Emirates	4	49	2
Vietnam	3	40	2
Papua New Guinea	3	63	1
Philippines	3	28	0

Blue box = significantly higher than the total Red box = significantly lower than the total

Q26. What was the market from which your organization earned international revenue in the past year? Q27. Which were the top two markets from which your organization earned international revenue in the past year? (% of respondents) / Q28. For approximately what share of your international revenues did each of these markets account? (average share in %). *markets below 3% are not shown in the chart*
Base: all respondents, Total n=593, People's Republic of China n=122





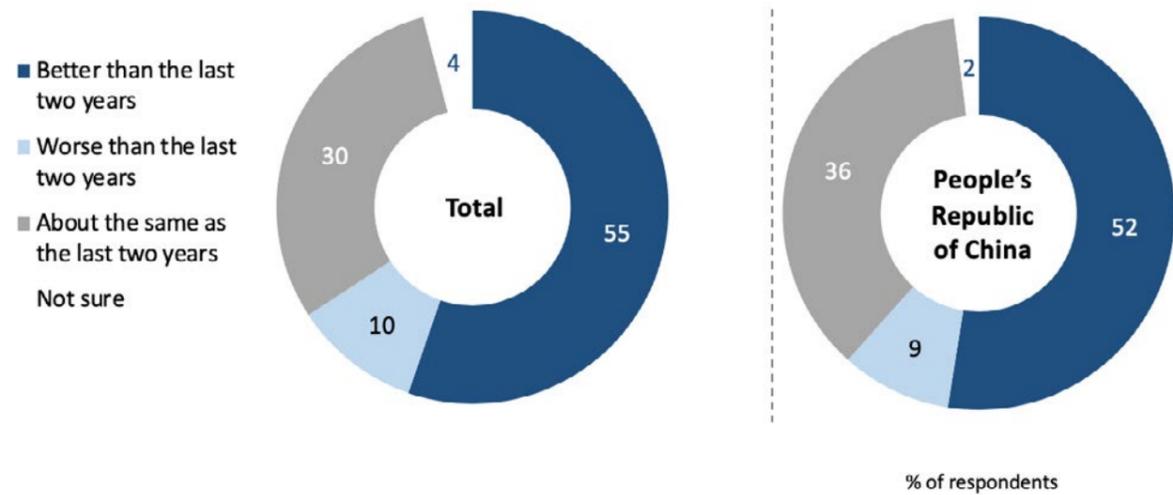
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**BEYOND 2019:
NEW MARKETS &
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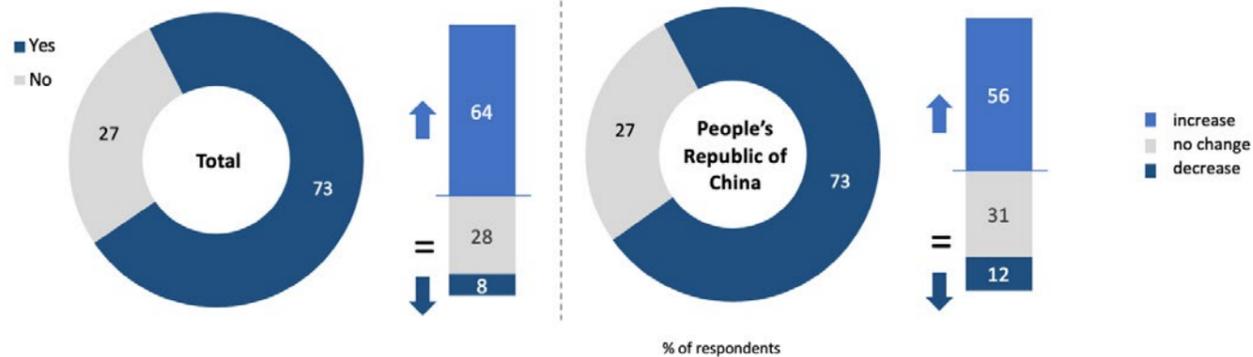
BEYOND 2019: NEW MARKETS & FUTURE OUTLOOK

FIGURE 3.1. OVERALL FINANCIAL OUTLOOK FOR INTERNATIONAL OPERATIONS NEXT 2 YEARS



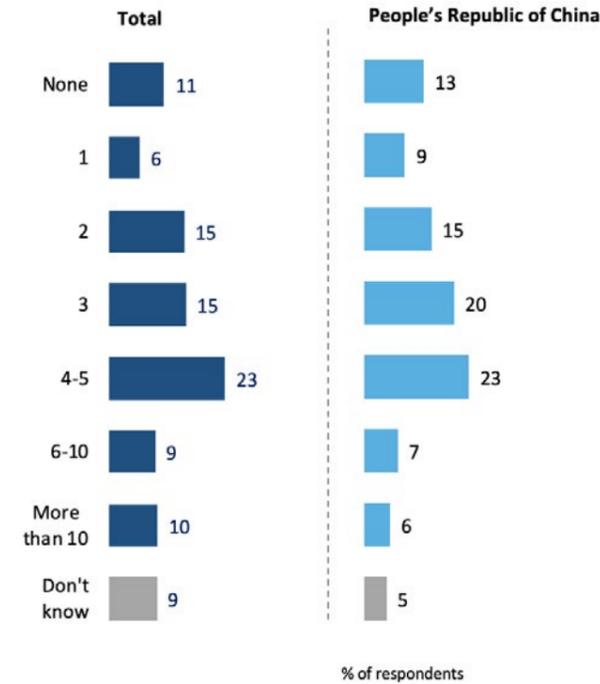
Q45. Would you say the overall financial outlook for your business's international operations over the next two years is...? (% of respondents)
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 3.2. FUTURE OUTLOOK INFLUENCE ON EMPLOYMENT PLANS IN AUSTRALIA



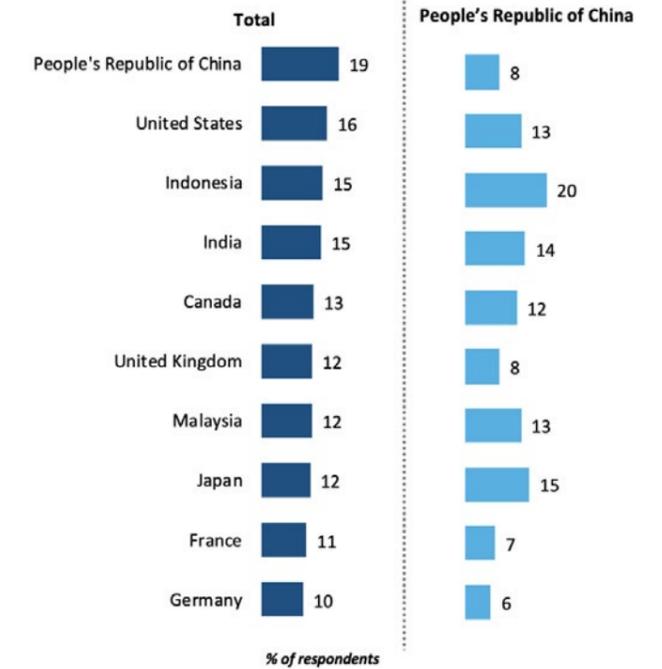
Q46a. Has your future outlook influenced your employment plans in Australia? (% of respondents) Base: all respondents, Total n=593, People's Republic of China n=122
Q46. How much, if at all, do you expect your employment plans in Australia to change over the next two years? (% of respondents) Base: influenced employment plans, Total n=430, People's Republic of China n=89

FIGURE 3.3. NUMBER OF NEW COUNTRIES PLAN TO DO BUSINESS WITH OVER THE NEXT 2 YEARS



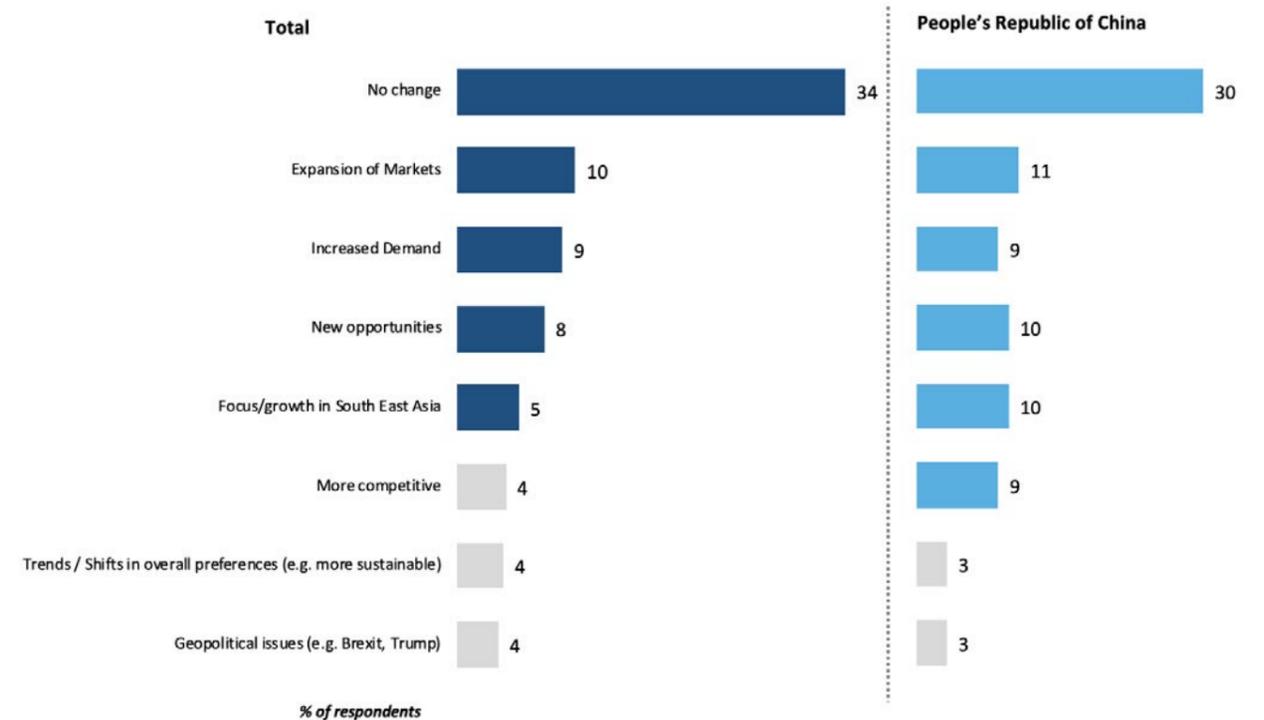
Q47. How many new countries is your business planning to do business in over the next two years? (% of respondents)
Base: all respondents, Total n=593, People's Republic of China n=122

FIGURE 3.4. TOP 10 NEW COUNTRIES CONSIDERED TO DO BUSINESS WITH OVER NEXT 2 YEARS



Q48. In which new countries are you considering doing business over the next two years?
Base: All who are planning to do business in a new country over the next two years, Total n=461, People's Republic of China n=97

FIGURE 3.5. TOP 5 REASONS FOR CHANGES IN TARGET MARKET(S) (VERBATIM RESPONSES CODED)



Q49. Could you please briefly outline how, if at all, your target markets have changed? (coded open answers, % of respondents)
Grey colours indicate reasons which are not in Top 5
Base: All who are planning to do business in a new country over the next two years, Total n=461, People's Republic of China n=97.

ACKNOWLEDGEMENTS

Australia's International Business Survey (AIBS) 2019 is an initiative led by the Export Council of Australia (ECA) in collaboration with the Australian Trade and Investment Commission (Austrade) and the Commonwealth Bank of Australia (CBA).

The AIBS 2019 partners also extend a thank you to all state and federal government agencies that have assisted in bringing this year's survey together, as well as to our industry partners.





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