

**NATIONAL
INDIGENOUS
LAND AND
SEA
STRATEGY**

Discussion Paper: Indigenous-led trade, export and investment



Australian Government
Indigenous Land and Sea Corporation



The ILSC GROUP

PEOPLE. COUNTRY. OPPORTUNITY.

This paper was informed by material provided by Darren Godwell, co-chair Indigenous Reference Group, CEO i2i Global Developments and co-founder of the Indigenous Network for Investment, Trade and Export. The views expressed are for generating broader discussion and may not represent the position of the ILSC.

Australia's Indigenous Peoples have been trading with international partners for many thousands of years. [These] traditional practices of commerce are being revived and already Australia's economy includes a growing number of Indigenous companies. Between 2006 and 2016 the number of Indigenous companies incorporated in Australia increased by 72%. In the 2020/2021 financial year, \$1.09 billion worth of goods and services were provided by Indigenous companies to Commonwealth departments and agencies. Department of Foreign Affairs and Trade."

Building Indigenous economic growth and economic policy is a natural complement to Indigenous social policy. A deliberate push into Indigenous economic development, commerce, trade and investment may also contribute to goals in social policy. A comprehensive Indigenous economic agenda must be led by Indigenous businesses, industry groups such as Chambers of Commerce and Industry, Indigenous industry peak bodies and businesspeople and leaders.

An Indigenous trade-led strategy will extend the national conversation in Indigenous affairs, yield commercial benefits to Indigenous interests, and advance the Australian national interest. To support a strong Indigenous response to opportunities in export, trade and investment we need:

- protection of Indigenous knowledge;
- commercialisation on agreed terms;
- investment flows to Indigenous owned enterprises;
- support for Indigenous small-and-medium sized enterprises (SMEs) as exporters;
- Free Trade Agreements (FTAs) that advance national interests and Indigenous Australian enterprises and industry development.

This paper examines recent developments and potential opportunities for Indigenous-led trade, export and investment.

Indigenous Peoples need to be the leaders and drivers of commerce, trade and export growth.

Darren Godwell

1 Recent Developments

1.1 Strategy, policy and action

The Indigenous business sector has had opportunities to be involved in and subsequently lead key policy and strategy development in partnership with the Department of Foreign Affairs and Trade (DFAT), Austrade, Export Finance Australia and others. Here are some key recent developments.

Development of the Indigenous Network for Investment, Trade and Export

Workshops were held in 2019 to explore Indigenous business sector opportunities in overseas markets and how DFAT could support these companies. Subsequently, the Indigenous Network for Investment, Trade and Export (IGNITE) was formed by Professor Kerry Arabena, Murray Saylor, Sean Gordon and Darren Godwell in 2020. The vision of IGNITE is to unlock investment and boost opportunities for Indigenous Australian enterprises in global markets, trade, export and investment. Specific initiatives IGNITE are seeking include:

1. Indigenous inclusions into FTAs, which may include protections of Indigenous knowledges and items in Geographic Indications.
2. Greater Indigenous access to foreign direct investment.
3. Support for more Indigenous companies as exporters.

Launch of Indigenous Diplomacy Agenda

DFAT have chosen IGNITE as its industry-based, Indigenous-led partner to implement its own Indigenous Diplomacy Agenda¹ launched in May 2021. The Trade and Economic Policy pillar within the Agenda seeks to maximise opportunities for Indigenous Australia and Indigenous peoples in a globalised world by:

- Growing the Australian and global economy through the promotion of Indigenous commerce and investment.
- Promoting the excellence of Indigenous Australia to the world.
- Supporting the global engagement of Indigenous Australia.
- Enhancing the global participation of Indigenous peoples, particularly in international meetings on issues affecting them.



Wanna Mar Stehr tuna fishing, Port Lincoln, SA

Delivery of inaugural Indigenous export information seminar

At a practical level, Indigenous company i2i Global led the first ever information seminar for Indigenous businesses interested in exporting in July 2021. This industry seminar for Indigenous interests provided information on the \$200m+ Export Market Development Grant and its applicability for Indigenous business support. The event was hosted by IGNITE and supported by DFAT, Austrade and Export Finance Australia.

Delivery of the 'Growing Indigenous Business Through Trade' pilot project

In 2021 IGNITE and i2i Global partnered with the Export Council of Australia to deliver a 14-week Asia-Pacific Economic Cooperation (APEC) 'Growing Indigenous Business Through Trade' pilot project providing online training sessions for Indigenous businesses seeking to grow their business through international trade into APEC. The 26 Indigenous participants came from eight economies – Canada, Mexico, Columbia, Peru, Chile, New Zealand, Australia and the Philippines – and was highly successful. The pilot was delivered with the support of DFAT and the National Indigenous Australians Agency.

Release of Australia's Services Export Plan

The April 2021 release of *Australia's Services Export Plan*², a government and industry strategy to boost services export, included initiatives³ to support Indigenous service business participation. It led to the January 2022 release of a significant research report⁴ into Australian Indigenous business participation in international trade and their success in attracting foreign direct investment.

Launch of the National Roadmap for Indigenous Jobs, Skills and Wealth Creation

The National Indigenous Australians Agency's *National Roadmap for Indigenous Jobs, Skills and Wealth Creation*⁵ launched in December 2021 makes commitments to deliver inclusive trade policies with the aim of developing international market opportunities for Indigenous businesses (within two years) by supporting:

- Export readiness training and mentoring.
- Inclusion of Indigenous commercial and economic development issues in the work of multi-lateral organisations.
- Participation of Indigenous businesses and economic organisations in the benefits of FTAs and trade summits.
- Engagement between Indigenous business and foreign companies investing in Australia.

1.2 Indigenous business and the export industry

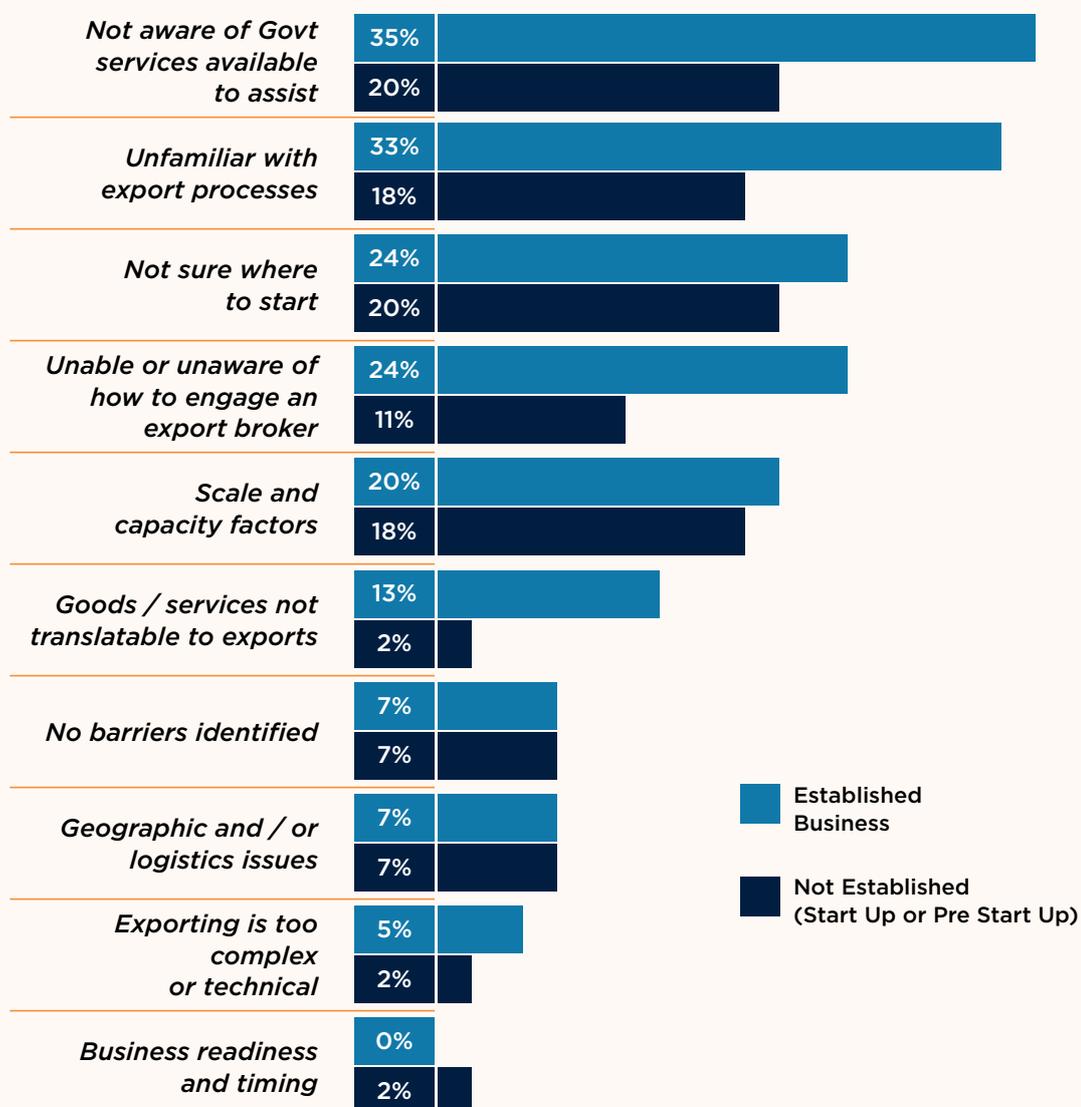
Released in December 2021, DFAT's *Inclusive Trade - Unlocking the Export Potential of Australia's Indigenous SMEs*⁶ report sought information, insight and experience from Indigenous operating businesses specifically in relation to their exporting ambitions, exporting activity and potential investment opportunities. Of the 81 qualifying Indigenous business respondents, 24 were currently undertaking export activity and 50 were not currently exporting but have ambitions to export.

Findings from the survey and report are summarised here. It is important to note that survey findings are not representative and need to be used with caution to prevent generalisations.

Key barriers

A range of key barriers to export were identified by the Indigenous business survey respondents (**Figure 1**).

Figure 1 Export barriers identified by survey respondents⁷



Key findings

The key findings of the report include:

- Indigenous companies are already exporters.
- Indigenous women are leading the sector.
- Indigenous businesses are located in remote and regional Australia.
- Indigenous businesspeople identified their ambition to boost Australian exports in the agriculture and food and beverage sectors above all others.
- Indigenous businesses are exporting primarily to New Zealand, the United Kingdom and the United States – none were exporting to China.
- No businesses reported any Foreign Direct Investment, and it wasn't clear how much of a priority this type of investment was for participating businesses.
- 86% of respondents supported the statement that 'Indigenous businesses employ majority Indigenous staff' demonstrating that Indigenous businesses are a critical pathway for supporting skills development, employment opportunities and therefore positive economic outcomes for people and communities.
- 47% of respondents had received no government grants in the previous 12 months.
- Export orientated Indigenous companies – the research identified an existing cohort of Indigenous companies that have exports, new export market opportunities and online sales to customers overseas clearly in frame for their growth. These companies are largely self-financing their export plans. E-commerce and online sales platforms are also providing an avenue for exports for MSME's with services and products that can be delivered online or through regular postal channels.
- Commentary on addressing perceived gaps in government support included:
 - *Establishing a special Trade Commissioner and Trade Office for Indigenous Trade.*
 - *Providing support for start-ups and early-stage enterprises.*
 - *Addressing restrictions on physical travel to perform the work.*
 - *Measures to support access to capital.*

Areas for additional research

The report proposed several next steps for additional research:

1. **Advance Australia's Services Exports Action Plan** – look to support the first movers in Indigenous export (those Indigenous businesses currently exporting services, knowledge and creative-based services and consulting and advising customers) and build gains in this experienced sector.
2. **Support industry-based and Indigenous-led** – reliable data collection and analysis will require Indigenous partners and Indigenous leadership; Indigenous Chambers of Commerce and industry are beneficially supporting the Indigenous business sector and need further support – and to act as a regular point of contact and coordination.
3. **Grow new markets and old traditions** – further examine 'Indigenous inclusions' within trade arrangements; explore support for Indigenous-to-Indigenous trade and investment between Indigenous peoples of the region; formalise mechanisms to capitalise on high levels of goodwill and market opportunities.



Wanna Mar Stehr tuna fishing, Port Lincoln, SA



Station life,
Outback Australia

Key knowledge gaps

The report also highlighted several remaining key data and knowledge gaps including the:

1. Total number of Indigenous operating businesses in Australia.
2. Proportion of Indigenous businesses exporting or with ambitions to export.
3. Total value of export earnings being derived by Indigenous operating businesses.
4. Economic trends for Indigenous companies in trade and export.
5. Total value of foreign direct investment being made into Indigenous companies.

Defining an Indigenous Business

There is ongoing discussion around the definition of Indigenous operating businesses and whether this includes not-for-profit community organisations registered through the Office of the Registrar for Indigenous Corporations and/or Prescribed Body Corporates and their businesses.

Development of an Indigenous Business Index

Efforts are being made to develop an Indigenous Business Index – to enable regular quantitative assessments tracking quantum and trends of the Indigenous exporting sector over time. Better quality data and evidence will need to directly inform DFAT and other agency program and policy decisions and investment in initiatives committed to under the suite of strategies in the trade and export space.

1.3 Recognition of Indigenous products

Recognition of Indigenous agricultural products and foodstuffs is a developing field of trade policy. Over 234 years of Australian trade and investment activities, including multiple FTAs, none to date have Indigenous inclusions. However, Indigenous products, botanicals, foodstuffs, manufactured goods and medicines could be added to lists of Geographic Indications⁸ (GIs) in FTAs⁹ and the recently signed Australia-United Kingdom Free Trade Agreement contains a range of relevant commitments¹⁰ including:

1. Reciprocal arrangements to provide for royalties to be paid to Australian artists where their artworks are resold in the UK. This means that there will be potentially new, future remuneration for artists after the initial sale, of relevance for Indigenous artists where works grow significantly in value.
2. Recognition of the importance of genetic resources, traditional knowledge and traditional cultural expression, with the United Kingdom to work with Australia at the World Intellectual Property Organization at the United Nations to progress a multilateral solution to the protection of Indigenous traditional knowledge.
3. Making all reasonable efforts to join the multilateral Hague Agreement on Designs, providing greater facilitated access to design protection for Indigenous fashion, decorative, and industrial designers in international markets where their products enjoy growing demand.
4. Australia's ability to implement policy measures which provide more favourable treatment to Indigenous Australian people for example, applying commitments for a particular level of Indigenous enterprise participation (measured as % or \$ value) in investment and cross border within the FTA. This includes maintaining Australia's existing Indigenous Procurement Policy and additional measures that benefit Indigenous-owned businesses and small and medium enterprises more broadly.

Current negotiations with the European Union provide an immediate opportunity to secure outcomes for Indigenous businesses through Indigenous inclusions, GIs and measures to support direct investment.

We need support to build this emergent body of work. Would listing protect Indigenous interests? Would it enable us to quantify the value and size of an export market? Would Indigenous interests be better served in future commercialisation, investment and trade?

2 The ILSC Role

The ILSC can play an important role in supporting Indigenous people's enterprise development aspirations leading into the export and trade space as well as facilitating impact investment in Indigenous enterprise. Specifically, the ILSC could:

- **Provide advisory inputs.** Many of the opportunities in the agribusiness sector, for example, will require advisory inputs. These inputs may include supporting the transfer of knowledge or information to Indigenous clients, facilitated inputs from subject matter experts and consultants, responding to queries with research, and charting and matching client ambitions with potential and proposed projects.
- **Facilitate partnerships.** As a statutory authority the ILSC may also seek to emphasise its "honest broker" role with prospective investors and interested parties. It's reasonable to expect a substantial increase in the levels of interest from finance and investment circles into Indigenous-led ventures, for example in the agribusiness sector.
- **Consider its role in the private sector.** The ILSC may need to consider the implications for its role and responsibilities when dealing with an influx in private sector, for-profit entities and how to respond in a fair and transparent manner consistent with public sector governance requirements.

3 Related Discussion Papers

Investment Capital, Indigenous Cultural & Intellectual Property (ICIP) and Bushfoods Discussion papers can be accessed at www.ilsc.gov.au.



Kakadu Plum Yoghurt launch, SA



Endnotes

1. www.dfat.gov.au/publications/indigenous-diplomacy-agenda The vision of the Indigenous Diplomacy Agenda is “for a world where the rights and traditions of [I]ndigenous people are respected; where open markets facilitate the free flow of trade, capital and ideas for [I]ndigenous businesses; and where [I]ndigenous peoples are participants and beneficiaries of the international system.”
2. www.services-exports.gov.au/
3. Action 4.1J - Industry will support innovative Indigenous start-ups access international investment, including from funds focused on social impact investing and the promotion of Indigenous-to-Indigenous trade.
Action 5.1C - The Government will conduct a survey of Australian Indigenous business participation in international trade and success in attracting foreign direct investment to help inform the work of Government in assisting Indigenous businesses participate in international markets.
4. www.dfat.gov.au/publications/international-relations/inclusive-trade-unlocking-export-potential-australias-indigenous-smes
5. www.niaa.gov.au/indigenous-affairs/economic-development/national-roadmap-indigenous-skills-jobs-wealth-creation
6. www.dfat.gov.au/sites/default/files/inclusive-trade-unlocking-export-potential-australias-indigenous-smes.pdf
7. P.25, Figure 19 - Inclusive Trade: Unlocking the Export Potential of Australia’s Indigenous SMEs, 2021 - www.dfat.gov.au/publications/international-relations/inclusive-trade-unlocking-export-potential-australias-indigenous-smes
8. “[Geographic Indicators] GIs work as collective property rights: they can be compared to a perpetual patent owned by all the producers of the demarcated region whose products comply with the specification outlined in the code of practice. The appellation of origin is owned by the collective of producers, but each of them can exercise that right independently from one another.” Geographic Indications and local development: The Strength of Territorial Embeddedness, Riccardo Riccardo Crescenzi, Fabrizio De Fillippis, Maria Giu & Cristina Vaquero-Pineiro. Regional Studies (July 2021) <https://doi.org/10.1080/00343404.2021.1946499>
<https://www.tandfonline.com/doi/full/10.1080/00343404.2021.1946499>
9. A free trade agreement (FTA) is an international treaty between two or more economies that reduces or eliminates certain barriers to trade in goods and services, as well as investment. Australia negotiates FTAs to benefit Australian exporters, importers, producers and investors by reducing and eliminating certain barriers to international trade and investment. www.dfat.gov.au/trade/agreements/trade-agreements
10. www.dfat.gov.au/trade-and-investment/benefits-indigenous-business Australia-United Kingdom Free Trade Agreement (A-UKFTA) signed 17 December 2021



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Phone us on 1800 818 490 for a confidential chat.



Email your submissions to NILSS@ilsc.gov.au to share your thoughts.



Get your full Information Pack: visit www.ilsc.gov.au, or email NILSS@ilsc.gov.au,



A feedback report summarising what we have heard from you and how we will use this important information will be available on the website.



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