

**DISCUSSION** PAPER



**BUSINESS TRENDS**  
IN THE YEAR OF THE RABBIT



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## Introduction

One of the great things about my role is equipping businesses with the insights they need to succeed in Asia.

The scale of the opportunities in our region is immense, but the pace of change and complexity can seem daunting. Businesses, which have long sought stable and predictable market conditions, must increasingly be across technological, demographic, and environmental developments. There are some very big power shifts taking place in the world and picking out the opportunity from this context can be a make-or-break endeavour.

Thankfully, through our Asialink Business network we have access to some of the best minds on Asia.

This year, we sought out diverse voices: CEOs, start-up founders, and emerging leaders. We asked them to reveal what they thought were the most crucial yet unappreciated trends that Australian businesses should comprehend when engaging with the region.

A key theme related to climate, energy and sustainability indicates that rhetoric is shifting to

action. This manifests in obvious ways – such as capital investment – but also in less high-profile yet still significant measures, such as regulation and compliance.

Supply chains are always top of mind for exporting businesses, and the feedback reveals that this year will be no different. The potential of a global recession, an inflationary environment, geopolitical factors, and sustainability considerations increase the complexity for businesses.

As host of the G20 this year, India deserves special attention. The sheer scale and pace of change across the country demands attention from Australian businesses.

Lastly, the talent landscape continues to change rapidly. Two trends highlight this: the potential application of tools like ChatGPT in the education sector and changing study and migration preferences.

I hope you find these trends stimulating. Let us know your thoughts.



**Leigh Howard**  
CEO, Asialink Business



*“ESG will become a major disrupter due to acceleration of the energy transition but will also offer new opportunities.”*

**- Sanjeev Gandhi**

Managing Director & CEO, Orica

### **What trend will you be watching?**

Global economies and our business will continue to be impacted by volatilities caused by geopolitical risks, supply chain disruptions and inflation. ESG will become a major disruptor due to the acceleration of the energy transition of global economies but will also offer new opportunities.

### **What does that trend mean for businesses in your field?**

Businesses are preparing for a recessionary environment. The opening up of China might trigger further inflationary pressures on energy markets and

cause further disruptions in supply chain. A strong balance sheet and disciplined capital management and cost management are crucial mitigating factors.

### **What might you do differently as a result of this trend?**

Accelerate our journey to net zero emissions, continue to diversify our business globally and leverage the business opportunities created by the global energy transition.



## Sustainability moves from rhetoric to action

*“We’ll start to see an acceleration of sustainability action (and supporting activities like verification) from organisations based in Asia.”*

**- Naomi Vowels**  
Co-Founder, Givvable

### What trend will you be watching?

We’ll start to see an acceleration of sustainability action (and supporting activities like verification) from organisations based in Asia. In particular, Asian exporting nations will feel the pressure as they are implicated in regulatory requirements of their importing counterparts. These will go beyond requirements on climate, extending to diversity, equity and inclusion, social impact, ethical practices and governance.

### What does that trend mean for businesses in your field?

A massive spike in demand for reliable and timely sustainability data that is translated in terms of regulatory compliance

### What might you do differently as a result of this trend?

We’re doubling down our focus to support Asian businesses in their sustainability transition.



*“This year, the electric tuktuk (or autorickshaw) will take off, or rather, corner on rails.”*

**- Bronwyn See**

Energy Transition Expert & Senior Adviser, Asialink Business

### What trend will you be watching?

The electric three wheeler (E3W) market is expected to grow at an eye watering CAGR of 20.9% to reach 850K units per year by 2028 in the Asia-Pacific. This growth is driven by advancement of battery technology and more affordable electric vehicle (EV) product lines reaching Asian markets. Support by governments for EV charging infrastructure and environmental controls has also spurred uptake. For example, India's FAME-II policies have delivered exponential growth in EV charging stations.

### What does that trend mean for businesses in your field?

Growth in E3Ws reflects a larger trend of exponential growth in EV markets in Asia. China is set to become the largest EV market in absolute terms with the current adoption rate expected to reach 60%. In 2022, state subsidies coupled with high oil prices resulted in 5.67million EVs sold, more than five

times the US. India and Indonesia are forecast to replicate this miracle in the next decade or so. But charging your EV in Asia is like a vegan eating a steak dinner. In 2020, 85% of energy consumption in the Asia Pacific came from thermal power generation (aka. fossil fuels). So the rapid development and deployment of renewable energy generation needs to happen at scale.

### What might businesses do differently as a result of this trend?

Expect to see growth in policies and initiatives that encourage partnerships with private companies for the development, deployment and transfer of cleaner, more efficient technologies. Partnerships or collaborations will be a mechanism by which clean technologies including EVs, renewable fuels and hydrogen can best achieve climate goals by accelerating technology uptake whilst diversifying the use of limited resources and assets.



## Supply chains get (more) complex

*“The challenge of dealing with excess inventory in a low-growth, high-inflation world will put greater pressure on the ‘circular economy’ and the need to responsibly deal with unsold stock.”*

**- Alan Beacham**

Managing Director, Toll Group

### What trend will you be watching?

2023 will likely see organisations seek to balance additional supply chain resilience with the need to maximise efficiency and profitability. One key measure to enhance reliance is to carry greater levels of inventory, which can provide a buffer to unforeseen disruptions that impact the flow of goods through the supply chain.

A potential under-rated trend for 2023 is the challenge of dealing with excess inventory in a low-growth, high-inflation world. These economic factors will put greater pressure on the ‘circular economy’ and the need to responsibly deal with unsold stock in a manner that stimulates secondary and tertiary markets for these goods. With freight rates considerably lower than their peaks in recent years, the potential to on-sell unsold goods from one market into new markets at competitive prices may arise.

### What does that trend mean for businesses in your field?

It will be difficult for businesses to accurately forecast economic performance and demand over the coming

year. The drive to maintain profits from prior years will be met with the challenges associated with excess supply in the market. At the same time, the push to invest in capital and technology to open new markets will challenge management and investors. Technology innovation and asset utilisation solutions will be important to efficiently move excess stock whilst keeping costs as low as possible.

### What might you do differently as a result of this trend?

Throughout 2023, Toll will continue to maintain our investment in an innovation centre to help get ahead of the curve on solutions to customer problems and evolving market opportunities. Beyond technology and innovation, we will keep looking to build a balanced portfolio of markets and customers that leverage our strengths and support growth ambitions through these unpredictable times.



*“The Indo-Pacific will heat up as the global centre of rare earth mineral competition as small to medium battery companies engage in friendshoring, nearshoring, and reshoring.”*

**- Arjun Bisen**

CEO and Co-Founder, Overwatch Data

### What trend will you be watching?

The Indo-Pacific will heat up as the global center of rare earth mineral competition as demand for lithium-ion batteries is expected to soar over the next decade. Out of the key commodities needed for batteries, lithium will begin showing significant shortfalls as early as 2025. Asia has 3 of the 5 largest producers of rare earth minerals required for battery production (China, Australia, and Indonesia), and the top 3 manufacturers of batteries (China, Japan, and Korea). The already vulnerable battery supply chain could be brought to its knees unless there is significant multilateral effort to protect supply.

### What does that trend mean for businesses in your field?

We're already seeing small to medium battery companies engage in friendshoring, nearshoring, and reshoring. It's unusual for such early players

to already feel as though they need to pick sides between the major powers, under the assumption of some amount of US-China conflict over Taiwan. As a tech company that helps others monitor risks around the world, geopolitical and supply chain risks are of major interest to us. Companies will need to monitor events affecting supply chains in many parts of the world at once. Thanks to major breakthroughs in open-source intel and artificial intelligence, we can now provide this capability right out of the box.

### What might you do differently as a result of this trend?

We are particularly focused on pairing our risk detection and analysis tools with a more detailed understanding of supply chain and commodity data, to give companies a full picture of the world and help them shorten the time from identification of an event or narrative to an organization's ability to take action.





## Technology and migration preferences reshape the talent market

*“Expect to see growing adoption of AI enhanced tools in classrooms with significant investments from companies such as Alibaba and Sinovation Ventures laying the groundwork.”*

**- Sabrina Li**

Edupreneur & 2022 Most Influential Young Asian Australian Awards Winner (Education Category)

### What trend will you be watching?

One trend to watch is the integration of technology in education. We expect to see growing adoption of AI enhanced tools in classrooms, reducing teacher workloads and providing personalized learning for students. The Asia Pacific region is the fastest growing AI market in the world, currently doubling the growth rate of the rest of the world. Significant investments from companies such as Alibaba and Sinovation Ventures are laying the groundwork for a conducive innovation environment.

### What does that trend mean for businesses in your field?

We're in for a wild ride! Increased investment in business in this space, globalization of education,

and the expectation of personalized learning, content and feedback. Research will boom with more data and evidence available to identify the most effective teaching and learning strategies. Watch out for governance and regulation, particularly to ensure disadvantaged and special needs students are not left behind.

### What might you do differently as a result of this trend?

AI capabilities have compromised the traditional methods of independent assessment based on work completed at home. In week 1 of 2023 I will be encouraging and teaching my students to use AI tools such as ChatGPT to improve their learning outcomes.

*“With many Vietnamese seeing the biggest financial opportunity being at home, Australia will need to reconsider how we will be a destination for talent”*

**- Tracy Le**

Start-up Investor, Advisor & 2021 Most Influential Young Asian Australian Awards Finalist (Corporate Category)



### **What trend will you be watching?**

Many Vietnamese businesspeople, investors and youth are feeling bullish about the vast opportunities in Vietnam. While education and work experience in Australia are still highly valued, there seems to be a shift away from seeing Australia as a stepping-stone to permanent migration and more about obtaining skills to bring back to Vietnam. People of all ages see that the biggest financial opportunity is right there in Vietnam. Australia will need to consider how we continue to be an attractive destination for talented and productive migration.

### **What does that trend mean for businesses in your field?**

From an investment return perspective, Australian investors should be more open to investments in frontier/emerging markets as an investment asset class. From a risk adjusted perspective, some real asset investment in Vietnam would yield greater returns than in Australia. Vietnam has a young population, growing middle class, leaps in technological adoption and low leverage, making it much more resilient to economic downturns than markets which don't have these conditions.

### **What might businesses do differently as a result of this trend?**

The strategy for attracting capital from Vietnam needs to be aligned with diversification and asset protection rather than growth.



## India's unfolding economic boom

*“It's time for businesses to open their eyes to India's construction, manufacturing and clean energy boom.”*

**- Shiraz Engineer**

Associate Director, Asialink Business

### What trend will you be watching?

When we think of India we tend to think of the fast growing middle class of consumers aspiring for quality international products. But if you visit India now the most striking thing is the massive infrastructure builds in major cities. In Mumbai alone there is the metro project, trans harbour link, coastal road development and more. On top of this are booming residential and commercial real estate developments. Plus, India's 2023 budget allocated significant funds to clean energy.

### What does that trend mean for your business in your field?

This construction boom presents significant opportunities for Australian businesses to export

construction and property equipment, technology and services. Proptech such as energy and building management services and sustainability equipment and technology will grow in importance. There are also opportunities to invest in infrastructure and renewable energy, such as Macquarie Group's investment in toll roads. The infrastructure boom is happening all over India!

### What might businesses do differently as a result of this trend?

Clearly identify the city or state to be targeted based on its need and your core capabilities and expertise. Keep in mind that these sorts of infrastructure projects are suited for those that are resilient and ready to play the long game in India.


# About

## Asialink Business

Since 2013, Asialink Business has helped thousands of Australian organisations and professionals seize opportunities in Asia. As Australia's National Centre for Asia Capability, we equip leaders, entrepreneurs and employees with the insights, capabilities and connections to succeed across Asia. Asialink Business offers commercially focussed solutions. We enable organisations to optimise their business with Asia by providing customised country, market and industry specific support.

Asialink Business is supported by the Department of Industry, Science and Resources. It is part of the Asialink Group hosted by the University of Melbourne.

To start a conversation about how we can help unlock Asia opportunities for your business, please get in touch.

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