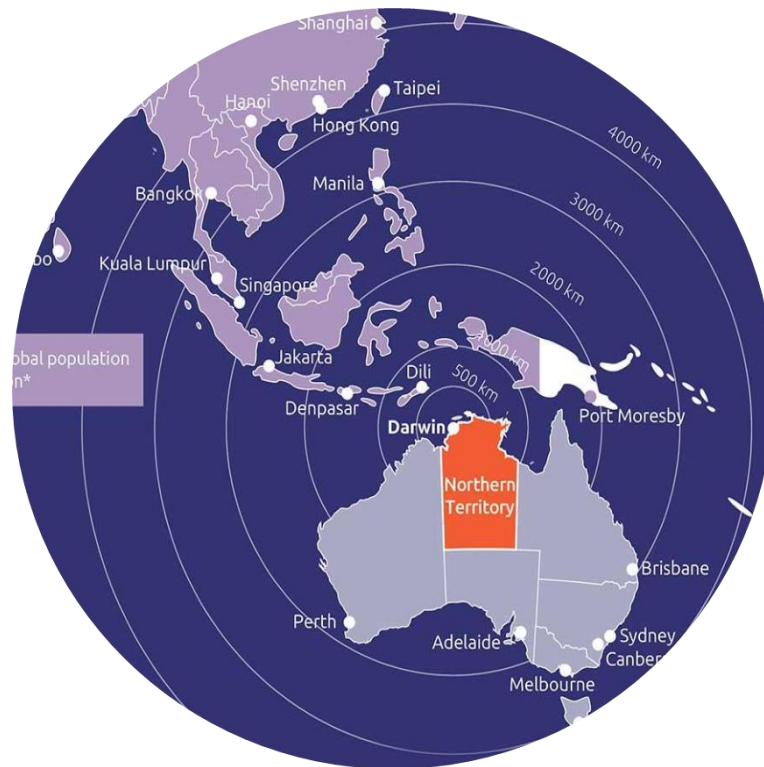




## NORTHERN TERRITORY - VIETNAM BUSINESS COUNCIL

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# STRATEGY FOR DEVELOPMENT COOPERATION BETWEEN VIETNAM AND NORTHERN TERRITORY

JULY 2021

**Mr Nguyễn Ngọc Mỹ**  
**Chairman of Northern Territory Vietnam Business Council (NT-VBC)**  
**Vice Chairman of Vietnamese Association of Foreign Invested Enterprises (VAFIE)**  
**Vice Chairman of Business Association of Overseas Vietnamese (BAOOV)**

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## SUMMARY

- Bilateral links between Australia and Vietnam have developed significantly since the establishment of diplomatic relations in 1973. On 15/03/2018, the signing of a Joint Statement on the Establishment of a Strategic Partnership between Australia and Vietnam officially elevated the bilateral relations up to a new height.
- Despite the complementarity of the two economies, the two-way trade is rather lagging behind its potential. Vietnam is not in the top ten trading partners of Australia, figuring only at 14th place in 2019. Australian businesses are “discovering” Vietnam as a good alternative market for partial diversification, now that China’s market is problematic. But compared to other regional actors such as Japan, South Korea or Taiwan, Australia is relatively late to the party.
- Major cooperations and trades between Viet Nam and Australia have located on Sydney and Melbourne meanwhile the Northern Territory (NT) with a lot of potentials but hardly mentioned. Up to the end of 2012, with the foundation of Viet Nam Consulate General in **Perth**, diplomatic and trading relations between Viet Nam and North-West Region in general and NT in particular have been paid more attentions.
- The Australian economy in general and NT in specific have been struggling to escape the influence from China in recent years; this is a good opportunity for Viet Nam to enhance its present in NT and Australia.
- Despite differences in political systems and certain values, the two countries are increasingly more aligned in strategic priorities and like-minded in many ways. Both are on the same page in regards to the strategic challenges posed by China. Both recognise that the South China Seas and the Mekong are key strategic theatres. Both trust Japan and want to build up more defense and security cooperation.
- Within a decade, there are numerous Vietnam businesses beginning to invest abroad; to flow with unavoidable trend, NT has arisen as a promising destination with many comparative advantages for Viet Nam businesses.
- To avoid too big competitive pressures in Sydney and Melbourne, there are a number of Vietnamese Enterprises switching their business to NT for benefiting from the NT Government’s priorities.

- In addition, with a large Vietnamese community ranked<sup>1</sup> the 6<sup>th</sup> in Australia and with more than 30 thousand students studying around Australia, it is quite possible to create a strong Vietnamese community to contribute significant development for NT in a near future, if a rational strategy has been applied.
- Mr Nguyễn Ngọc Mỹ - an Australian Vietnamese Businessman, returned to invest in Viet Nam in 1992, has contributed a lot in connection of trading and investment cooperation between Viet Nam and NT since 2013. He pioneered in promoting import NT beef-cattle to Viet Nam. Continuously from 2015 to 2019, playing the role of Chairman of Northern Territory – Vietnam Business Council, He has made bridges for many delegations from Viet Nam to visit NT for market research and finding opportunities to trade and invest to NT. According to Mr Mỹ, there are major shortage of labourforce's skills and big demand of building materials for developing economic infrastructure in NT, while these are Viet Nam's advantages.

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<sup>1</sup> 2020 Statistics report 270.000 Viet Nam - born migrants living in Australia.  
(<https://www.abs.gov.au/statistics/people/population/migration-australia/latest-release#australia-s-population-by-country-of-birth>)

## I- Australia – Viet Nam Relation in brief:

### 1.1 Diplomatic:

- 1973: Establishment of diplomatic relations.
- 1990: Agreement on Trade and Economic Cooperation between the Government of Australia and the Government of the Socialist Republic of Vietnam.
- 1991: Agreement between the Government of Australia and the Government of the Socialist Republic of Vietnam on the Promotion and the Reciprocal Protection of Investments.
- 1992 (Revision 1996): Double Taxation Avoidance between the Government of Australia and the Government of the Socialist Republic of Vietnam.
- 1993: Supplementary Agreement between the Governments provided two goods.
- 2009: Joint Statement on Establishment of Comprehensive Cooperation Partnership between Vietnam and Australia.
- 2015: A Declaration on Enhancing the Australia-Viet Nam Comprehensive Partnership<sup>2</sup>.
- 2017: Arrangement between the Government of the Socialist Republic of Vietnam and the Government of Australia on a Work and Holiday Programme.
- 2018: Joint Statement on the Establishment of a Strategic Partnership between Australia and Vietnam.

### 1.2 Cooperation:

- **Development cooperation:** Australia annual ODA budget commitment for Viet Nam is more than AUD 100 million allocated in different sectors: traffic infrastructure, agriculture, health, education, climate change, governance, ...
- **Defence cooperation:** Defence relations between Vietnam and Australia were formalized in 1999. However, the Australia-Vietnam Defence relationship has developed significantly since the Memorandum of Understanding for Defence Cooperation was signed by our Defence Ministers in November 2010, especially Navies.
- **Law enforcement cooperation<sup>3</sup>:** The Australian Federal Police and Vietnam's Ministry of Public Security have opened the Vietnam-Australia Joint

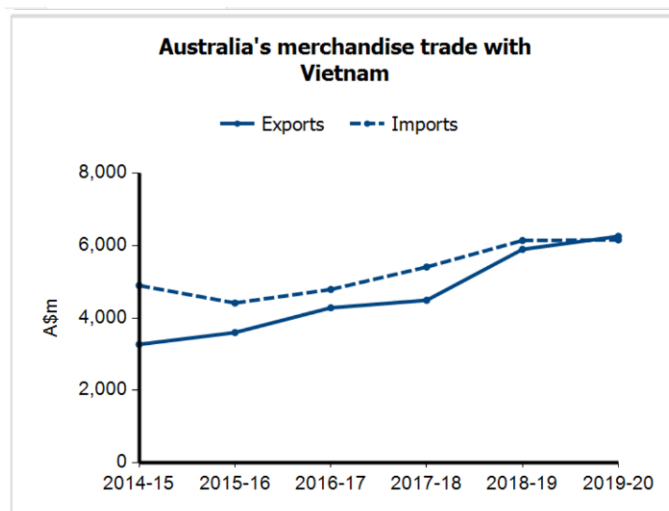
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<sup>2</sup> <https://www.dfat.gov.au/geo/vietnam/Pages/a-declaration-on-enhancing-the-australia-viet-nam-comprehensive-partnership>

Transnational Crime Centre (JTCC) in 2010, engaged at the strategic level, shared criminal intelligence, conducted joint operations and work to develop capability.

### 1.3 Bilateral turnover between Australia and Viet Nam (2019-2020)

- Vietnam import from Australia: AUD 6,258 million (1.5% import turnover, ranked the 10<sup>th</sup> of import countries to VN):
  - Merchandise: coal, iron ores, live cattle, wheat, ...
  - Service: education, travel, ...
- Vietnam export to Australia: AUD 6,159 million (1.3% export turnover, ranked the 19<sup>th</sup> of import countries from VN)
  - Merchandise: telecom equipment and parts; footwear, monitors, projectors, TV; furniture, mattresses and cushions;
  - Service: transport, personal travel, ...
- Investment relationship (2019):
  - Australia investment in Vietnam (FDI): AUD 2,640 million
  - Vietnam investment in Australia: AUD 784 million



## II- Northern Territory

### 2.1 Basic information:

- The Northern Territory (NT) is an Australian territory in the central and central northern regions of Australia. NT shares its borders with Western

<sup>3</sup> [https://vietnam.embassy.gov.au/hnoi/Police\\_Liaison.html](https://vietnam.embassy.gov.au/hnoi/Police_Liaison.html)

Australia to the west, South Australia to the south, and Queensland to the east.

- Capital: Darwin City
- Area: 1,349,129 km<sup>2</sup> (4x larger than VN)
- Population: 246,500 people (Statics 2020). Immigrants (overseas-born) is over 30%, mainly from the Philippine, England, New Zealand, India, Greek, USA, China, Indonesia, ...; number of Vietnamese<sup>4</sup> studying, working and living in NT are very modest compare to Sydney or Melbourne.
- GDP (2019-2020): AUD 26,153 million; GDP per capita: AUD 106,851.
- Major industries: minerals, oil & gas, tourism, international education and training, defense and agriculture.
- Tourism is an important economic driver for the territory and a significant industry in regional area. Several national parks and reservations with diverse landscapes, waterfalls, wide open spaces, aboriginal culture and wild and untamed wildlife make NT the unique destination for domestic and international travellers.
- The Northern Territory has two distinctive climate zones:
  - The northern end, including Darwin, has a tropical climate with high humidity and two seasons, the wet (October to April) and dry season (May to September). In the coolest months of June and July, the daily minimum temperature may dip as low as 14 °C (57 °F), but very rarely lower, and frost has never been recorded.
  - The south end (namely the central region) is the desert centre of the country with little rain usually falling during the hottest months from October to March. Seasons are more distinct with very hot summers (33-36°C) and cool winters (19-28°C).

## 2.2 Aboriginal affairs

- 25% NT population are Aboriginal (Indigenous) but own 50% land and 80% coastline of the Northern Territory; There are more than 100 Aboriginal languages and dialects spoken in the Northern Territory, English is only their third or fourth language at home; 99% of the children and young people in detention are Aboriginal; Aboriginal infants mortality in the NT is 4x higher

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<sup>4</sup> Statistics 2016 showed only 1,200 Vietnamese in NT while these figures in Sydney and Melbourne in turn 56,000 and 79,000. (<https://www.abs.gov.au/statistics/people/population/migration-australia/latest-release#state-and-territory-populations-by-country-of-birth>)

than the national rate; 73 remote communities live in over 500 homelands and outstations across the Northern Territory ...

- Aboriginal is an history, complicated and sensitive affairs to the NT Government. It is governed by different Acts, institutions and organisations:
  - Legislation:
    - NT Aboriginal Land Act (1978)<sup>5</sup>;
    - NT Aboriginal Sacred Sites Act (1989)<sup>6</sup>;
    - NT Heritage Act (2011)<sup>7</sup>;
    - ...
  - Organisation structure:
    - Minister for Aboriginal Affairs
    - Office of Aboriginal Affairs<sup>8</sup>: sits within the Department of the Chief Minister and Cabinet, with the Aboriginal Affairs agenda a key focus for Government. The Minister for Aboriginal Affairs, the Hon Selena Uibo oversees the portfolio.
    - Aboriginal Areas Protection Authority<sup>9</sup>
    - Aboriginal Peak Organisations Northern Territory ([APO NT](#))<sup>10</sup>: is an alliance comprising the Central Land Council (CLC), Aboriginal Housing NT (AHNT) and the Aboriginal Medical Services Alliance of the NT (AMSANT).
  - Strategy:
    - The ‘Everyone Together’ Aboriginal Affairs Strategy was officially launched in March 2020. The Strategy based on the 3 guiding principles: healing, engagement, and respect in order to achieving improved outcomes and closing the gap on Aboriginal disadvantage,...<sup>11</sup>
    - The NT Aboriginal Tourism Strategy 2020-2030<sup>12</sup>
    - Other strategies to develop infrastructure, economy, culture, education, health, ... for the Aboriginal communities.

<sup>5</sup> <https://legislation.nt.gov.au/Legislation/ABORIGINAL-LAND-ACT-1978>

<sup>6</sup> <https://legislation.nt.gov.au/Search/~/link.aspx?id=91FF7B972F734400B639CC566328E870&amp;z=z#>

<sup>7</sup> <https://legislation.nt.gov.au/Legislation/HERITAGE-ACT-2011>

<sup>8</sup> <https://aboriginalaffairs.nt.gov.au/our-priorities/about-us>

<sup>9</sup> <https://www.aapant.org.au/about-us>

<sup>10</sup> <http://www.amsant.org.au/apont/>

<sup>11</sup> [https://cmc.nt.gov.au/\\_data/assets/pdf\\_file/0010/799219/everyone-together-aa-strategy.pdf](https://cmc.nt.gov.au/_data/assets/pdf_file/0010/799219/everyone-together-aa-strategy.pdf)

<sup>12</sup> <https://www.tourismnt.com.au/system/files/uploads/files/2020/aboriginal-tourism-strategy-summary.pdf>



### 2.3 Growth sectors

Based on the research on global development tendency and demand of Asian economies, a long-term Northern Territory Economic Development Framework<sup>13</sup> identified the following sectors have comparative advantages for future growth:

- **Agribusiness:** as people buy Australia’s fresh produce, including proteins ...
- **Tourism:** as people seek space, nature, holidays, luxury and genuine cultural experiences. The NT Tourism Strategy 2020-2030 has been launched<sup>14</sup> for supporting.
- **Energy and minerals:** as more people move to cities, the Asian middle class keep expanding and countries seek to improve living standards.
- **International education and training:** as students seek to study in an English-speaking country, combined with working and migration.
- **Defence** is also a historically important contributor to the Northern Territory economy, and will continue to provide significant opportunities in the future with national investments into defence and an increased presence of the United States and other allies.

Research identified additional sectors with smaller but significant opportunities for future economic development and employment growth, including tropical health and research, creative industries, renewable energy, environmental services, and human services.

### III- SWOT

Analysing and comparing strengths, weaknesses, threats and opportunities for bilateral business cooperation:

	Northern Territory	Viet Nam
<b>Strength</b>	Natural resources Tourism High living standard Grants and funds from Gov.	Human resources Hard working labours Competitive wages Vietnamese community is the 6 <sup>th</sup> largest in Australia +

<sup>13</sup> <https://edf.nt.gov.au/the-economic-development-framework>

<sup>14</sup> <https://www.tourismnt.com.au/system/files/uploads/files/2020/nt-tourism-industry-strategy-2030-summary-report.pdf>

	CDU is a top 100 university in the Asia Pacific. <sup>15</sup>	>30 thousand Vietnamese students studying in Australia
<b>Weakness</b>	Skill shortage Population growth High cost of domestic transport Distance from major cities	Lack of natural resources
<b>Threat</b>	Strategic challenges posed by China Population growth	Strategic challenges posed by China Qualified English for study and work Visa in Australia
<b>Opportunity for bilateral cooperation</b>	Import high-skilful labour from VN	Export high-skilful labour to NT Alternative supply as partially replacement for China's

## IV- Proposed strategy

### 4.1 New opportunity

4.1.1 Before 2019, the Australia-China relations on trade, investment, mineral exploit, landing & housing, international students ... are favourable. China – the 2<sup>nd</sup> largest economy with “One Belt – One Road Initiative” has expanded its strategic relations with many countries, including Australia. Meanwhile the Australia-Vietnam relations on trade, investment, culture, education, securities, defence, etc. have not been compatible to its potential. Since 2019, the relations between Australia and China has turned around due to the Australia participation in “Diamond Quadrangle” and bilateral increasing commercial conflicts.

Such above context is favourable for strengthening the bilateral strategic partnership between Vietnam and Australia, possible for partial replacement of Chinese balance in commerce, investment, culture, education, securities and defence; lifting-up the bilateral relation to a new height; upgrading Vietnam’s position in the region, reacting better to China regarding to the East-sea problem.

<sup>15</sup> <https://www.cdu.edu.au/study/why-choose-cdu/our-rankings>

4.1.2 Vietnam's success in struggling against Covid-19 has recognised by other countries and international organisations. Vietnam's public administration reform has achieved positive results which makes the nation become potential destination for international investors.

In that context, Australia-Vietnam top-leaders have agreed to enhance bilateral relations, expanding cooperation in handling international and regional problems such as Covid-19, climate change, global crisis, including marine safety across the China south-seas safety.

## **4.2 Approach**

- Top-down: mutual understanding at macro levels such as long-term visions and policies between Australia-Vietnam political parties and governments;
- Bottom-up: research on market demand, developing potentials, comparative advantages, business opportunities ...

## **4.3 Strategic objective:**

The comparative advantages between Australia and Vietnam should be considered carefully in building up bilateral long-term strategies for investment, tourism, trading, education and training, including exporting Vietnamese skilful labours to the Northern Territory.

- From now to 2050: the cooperation strategy between Viet Nam and Northern Territory should be integrated as part of the comprehensive cooperation between Australia and Vietnam; Attention should be paid to the NT Aboriginal affairs, research of their cultural practices in order to set up mutual links with Vietnamese ethnic minorities via National Ethnic Councils.
- Regarding to international training and skilful labour: within 5 years (2021 – 2025) a target of 30-50 thousand Vietnamese students and skilful labour should be trained in the Northern Territory. It is expected that the number would increase to 1 million after 20 years.
- Agribusiness: large scale of cattle and fruits cultivation should be combined with processing industry in the Northern Territory for export to Viet Nam and regional countries. Vietnamese and Aboriginal Territorian should be encouraged to set up joint-venture agro-industry business to promote harmonising life among different communities in the Northern Territory.
- Commerce: import-export turnover between the Northern Territory and Vietnam should be doubled up within 5 years with a bilateral sustainable mechanism.

- Tourism: The Northern Territory has climate similar to the south of Viet Nam favourable for exchange of bilateral tourism; International travel and tourist companies should be encouraged to make famtrip to Northern Territory; direct flight between Darwin and Hanoi/HCMC should be open as soon as possible.

#### **4.4 Organisational structure:**

- The VAFIE<sup>16</sup> Representative Office in HCMC plays the role as a contact point to Vietnamese authorities and businesses and other resources in the South of Vietnam; while the Head Office in Hanoi shall be the contact point to Central Government, Ministerial Levels and the Party.
- Northern Territory Vietnam Business Council (NT-VBC) is the contact point to NT Government and Businesses for coordinating commerce and investment in the Northern Territory;
- Vietnamese Business Association in Australia (VBAA) is the contact point for connecting and mobilising the resources from the Vietnamese communities in the Australia southern states (Sydney, Melbourne, ...).

#### **4.5 Key sectors of priorities:**

- Building materials, prefab, modular: Vietnam construction industry has approached global high-tech levels plus the advantage of rather cheap labour and raw materials. It would be favourable to produce in Vietnam and export of prefab, modular and building materials of high demand in the Northern Territory.
- The abundance of natural cattle in the Northern Territory should be exploited by joint-venture investment on lot-feeding and suitable abattoirs. Stunning, bleeding, removal of head & viscera, carcass quartering and chilling/freezing, then export to Viet Nam for further processing; or trimming the proper meat for drying, the remaining could be frozen for export to Viet Nam.
- Cooperation on tourism combined to MICE, business matching and market research for Vietnam and Northern Territory enterprises.
- Cooperation on education and vocational training of Vietnamese skilful labours for export to the Northern Territory;

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<sup>16</sup> VAFIE: Vietnamese Association of Foreign Invested Enterprises

**V- Workplan:**

- Discussion for mutual understanding and agreement from different stakeholders such as the parties, governments, NGOs, etc. to make a strategic breakthrough on Vietnam – Northern Territory relations.
- Baseline survey, field research, information collection and database update to facilitate the feasibility projects of bilateral businesses.
- Organise market-survey tours the Northern Territory for leaders and members of Vietnam Business Associations of different levels and provinces.
- Promote diplomatic visits and experience exchanges at central and provincial governmental levels;
- Connection among AusCham in Vietnam and Chamber of Commerce in NT to organise seminars for promoting trade and investment opportunities between Vietnam and Northern Territory;
- Organise NT business matching and market-survey tours to Vietnam for NT businesses.
- ...

**VI-Implementation**

- Key stakeholders: Parties, Governments, relevant ministerial levels, Business Associations of various sectors.
- Timeframe:
  - 07/2021 completion of the Strategy draft.
  - 08/2021 consultative meetings with key stakeholders in Vietnam.
  - 09/2021 consultative meetings with key stakeholders in NT.

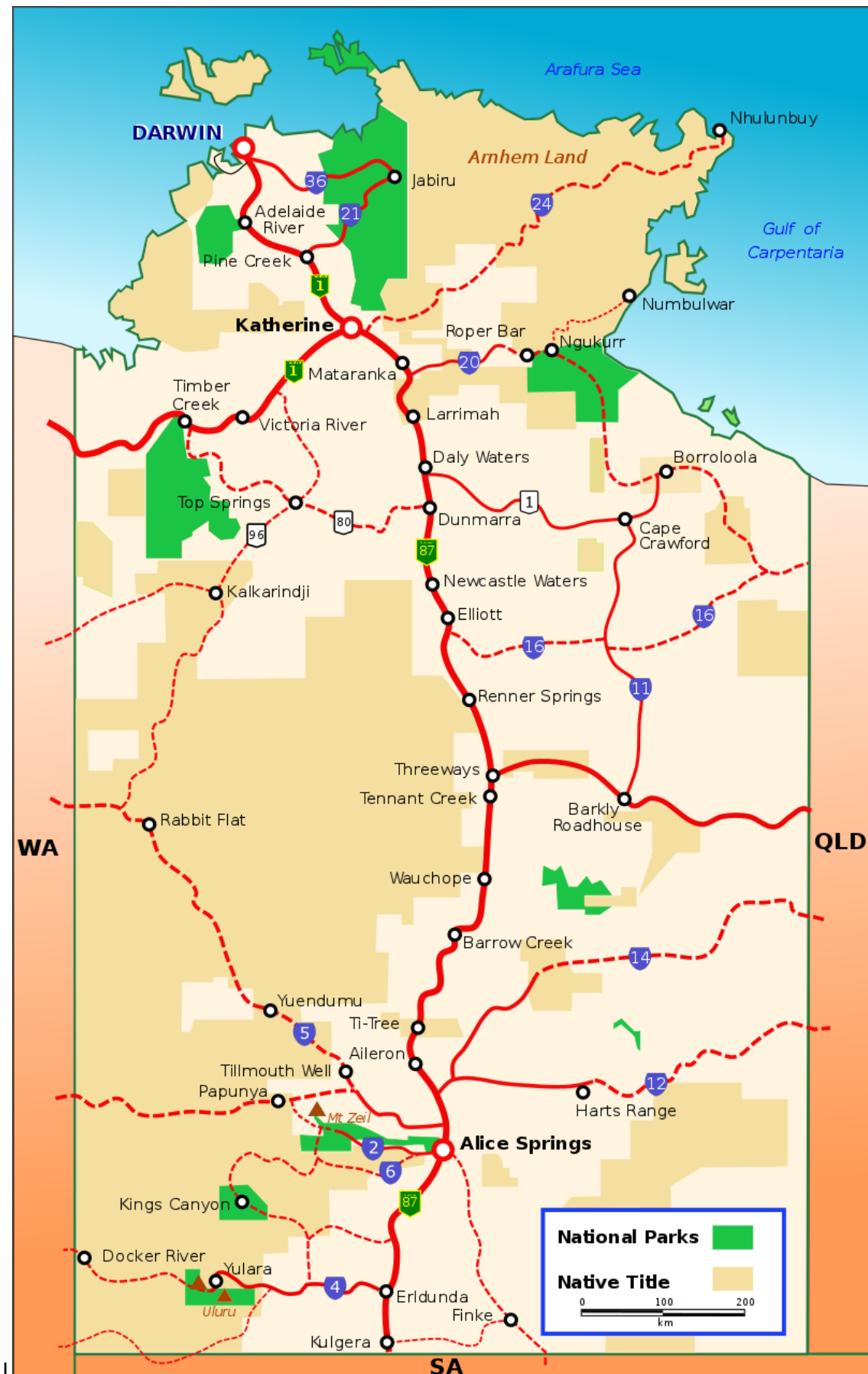
**HCMC, July 1<sup>st</sup> 2021**

**Mr Nguyen Ngoc My**

**VII- Annexes**

- A. Northern Territory Map
- B. [Northern Territory Regional Population](#)
- C. [Northern Territory Economic Development Framework](#)
- D. [Northern Territory Population Growth Strategy 2018-2028](#)
- E. [Northern Territory Aboriginal Affairs Strategy – Everyone Together 2019-2029](#)
- F. [Northern Territory Aboriginal Tourism Strategy 2020-2030](#)
- G. Working papers with Vietnam Consular General in Perth
- H. Some materials and pictures on working visits for promoting trade and investment between Vietnam and Northern Territory.

### ANNEX A – NORTHERN TERRITORY MAP



**ANNEX B – REGIONAL POPULATION**

**Northern Territory Regional Population**

Regional population 2020 - Published March 2021

