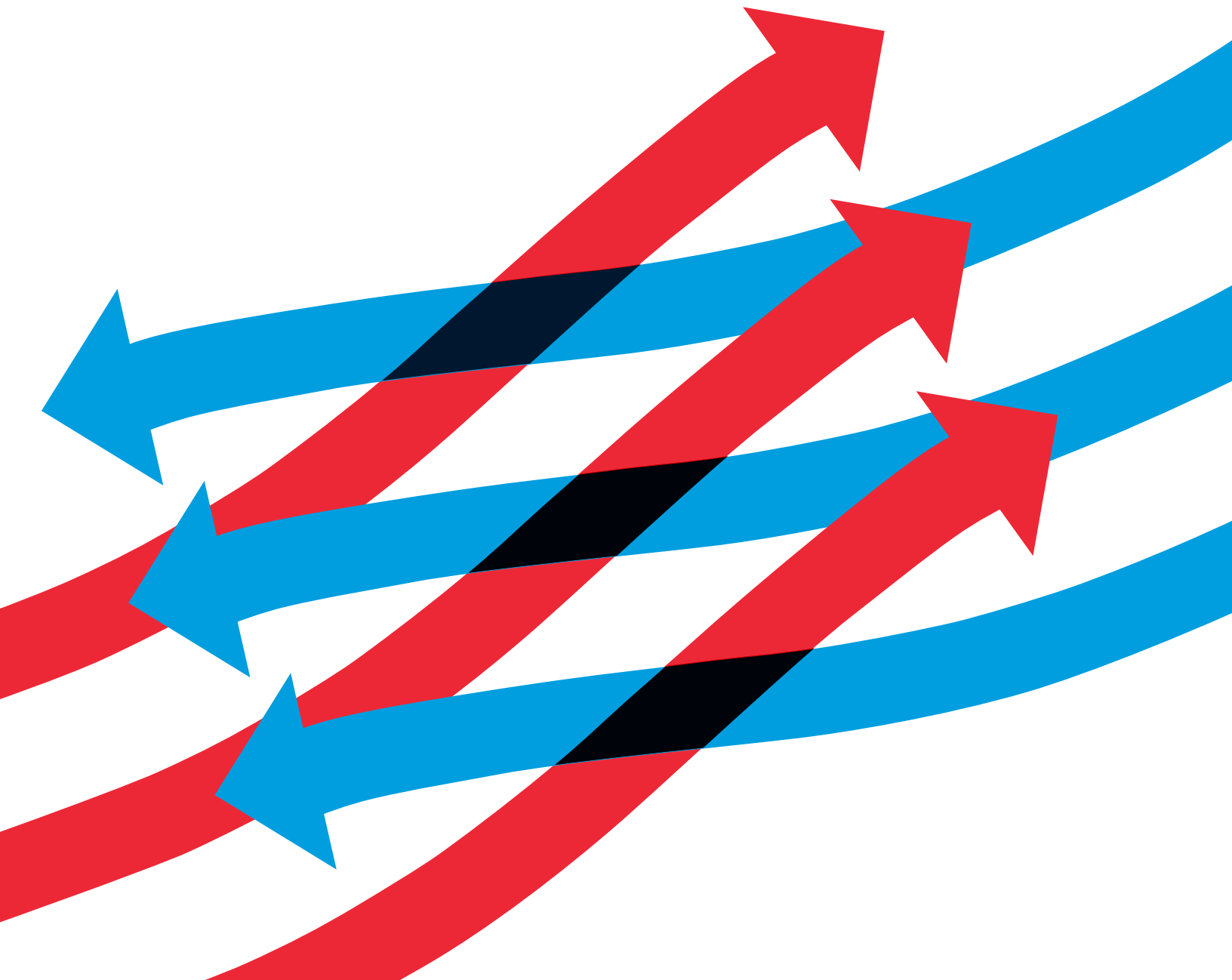


AUSTRALIA & THE UNITED STATES

STATE OF THE ECONOMIC UNION



The deep and multifaceted US-Australia economic relationship

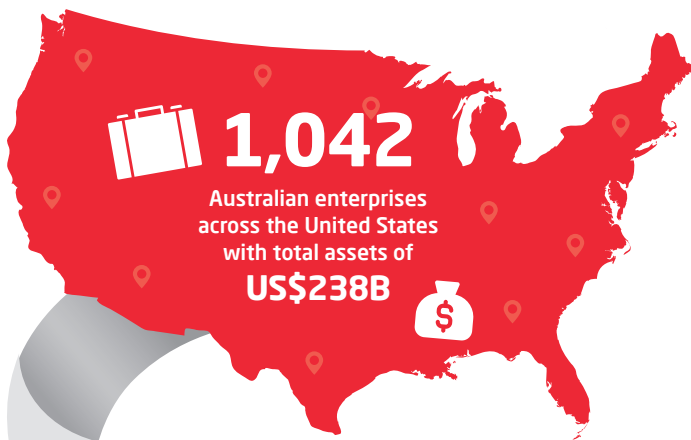
For more than a quarter century, the United States has been the single largest destination of Australian investment and source of investment into Australia

Australian investment into the United States is valued at US\$470B
which is equivalent to...

29%
of all outbound
Australian
investment



40%
of Australia's 2018
Gross Domestic
Product



Australian firms have more
US assets than firms from
China, Latin America, or
the Middle East

US\$53B
of annual sales by
Australian enterprises

US\$3.1B in goods and services exported
by Australian affiliates in the United States

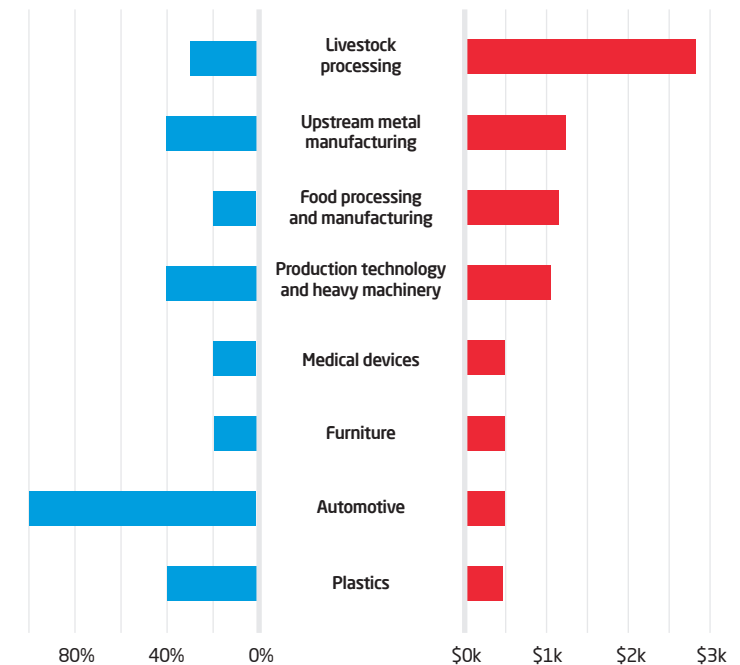


US\$2.9B in goods imported by Australian
affiliates in the United States

Australia's economic footprint in the Midwest

Sectoral employment in the
Midwest ABOVE national average

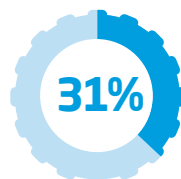
Value of imports to the United States
from Australia (US\$ million)



The Midwest is over-represented in eight of the top 12 import clusters from Australia



31%
of the value of all American exports to
Australia are produced in the Midwest



of the value of
all American
transportation
equipment shipped to
Australia is produced
in the Midwest



of the value of all
American machinery
exports to Australia
are produced in the
Midwest

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Foreword

In 2016, the economic bond between Australia and the United States was valued at more than US\$1 trillion. This is an impressive statistic, but should not be surprising given the enduring strength of the bilateral economic union between Australia and the United States. It is a dynamic and constantly evolving union founded on mutual respect, trust and an appreciation for commerce that has been at the heart of the broader bilateral relationship since the earliest days of both nations.



The American Australian Business Council (AABC) was created to celebrate and advance this union and, as such, we are proud to be associated with this pivotal work jointly produced by the Kelley School of Business at Indiana University and the United States Studies Centre at the University of Sydney. The partnership between these two institutions serves as an important symbol itself of the robustness of the bilateral economic relationship and highlights the important role that states in both countries play in growing and strengthening trade and investment relationships.

The valuable data contained within these pages highlights the rich dividends that the bilateral economic union between Australia and the United States continues to deliver on both sides of the Pacific Ocean. This report also includes timely recommendations designed to ensure that the next phase of economic cooperation and advancement is ready for the globalized economies of the twenty-first century and helps educate a new generation on the value of this union and the contribution it makes to the prosperity in both Australia and the United States.

We thank all those involved with the production of this important work and look forward to it becoming required reading for policymakers and other interested parties in both nations.

Ambassador John Berry (Ret'd)

President, American Australian Association/Business Council

The American Australian Business Council Co-Chairs



Mr Lachlan Murdoch
Chairman and CEO
FOX Corporation



Ms Maureen Dougherty
President
Boeing Australia, New
Zealand and South Pacific



Mr Brett Himbury
Chief Executive
IFM Investors



Mr Ben Scott
Managing Director
Morgan Stanley

The United States Studies Centre

The United States Studies Centre at the University of Sydney deepens Australia's understanding of the United States through research, teaching and public engagement.

Established in 2006, the Centre is a national resource for the analysis of American politics, foreign policy, economics, culture and history, building Australia's awareness of the dynamics shaping American society — and critically — their implications for Australia.



Indiana University

Founded in 1820, Indiana University has long been recognized as a leading institution in international research, education, and development.

Two top-ranked, internationally renowned schools at IU contributed to this report. The Kelley School of Business collaborates extensively with international partner schools and global businesses, and its faculty are groundbreaking researchers, corporate and NGO board members, and advisors to governments and financial institutions around the world. The Paul H. O'Neill School of Public and Environmental Affairs is a world leader in public and environmental affairs and the largest school of public administration and public policy in the United States.



Executive summary

Australia and the United States have fought in every major war together for the past century and have been bound by a formal military alliance since 1951. With much attention focused on the defense and security relationship between the two countries, the economic component of the Australia-US relationship often goes overlooked.

A review of the data on the deep and enduring economic ties between these two nations makes clear that irrespective of their relative size, Australia has a disproportionately large trade and investment relationship with the United States. This relationship dates back to 1793 — just five years after the British first established a colony in Australia — when 7,500 gallons of rum were delivered to Sydney by the American trading ship *Hope*.

Today, the United States is Australia's largest outbound and inbound investment partner as well as its third largest trading partner.

The Australia-United States Free Trade Agreement (AUSFTA) has cemented this dynamic economic relationship, seeing US goods exports to Australia increase by 76 per cent since it went into effect in 2005 and US services exports more than double in the same period. In 2017, the United States remained Australia's second largest import market, with Australia ranked among the top 10 export destinations for 15 US states. Australia was the fifth-largest export market for Illinois and the 11th-largest export market for Indiana in 2017. More broadly, exports to Australia have generated more than 265,000 jobs across the United States.¹

However, trade is just one part of the broader economic success story and does not include the US\$1.1 trillion two-way investment relationship between the two nations. The United States has been the largest source of foreign investment into Australia for more than three decades; Australia has received more direct

investment from the United States than China, Japan, or Mexico — or even than a combination of Africa and the Middle East. Conversely, the United States has also been the largest destination for Australian foreign investment for more than a quarter of a century.²

While the economic data is striking, it is not an accident. There are very clear reasons for the enduring strength of the trade and investment relationship between Australia and the United States. Like Australia, the United States is a liberal democracy, committed to the rule of law, secure property rights, limits to government power, the free flow of capital and ideas, and procedural fairness. Growing populations, dynamic cities separated by vast distances, and abundant natural resources add to the similarities and opportunities that continue to drive the economic union between the two nations. Looking across the Pacific Ocean in both directions, businesses, corporate leaders and investors draw comfort from these similarities and have the confidence to do business and invest year after year.

This report provides for a deeper understanding of the economic impact of trade and investment in Australia and the United States, examining the Australia-US economic relationship from a variety of angles:

- The size, history, and economic impact of this important bilateral economic relationship
- The outsized role and future opportunities of the US Midwest region in Australian-US economic ties
- Profiles of nine businesses with notable ties in both Australia and the United States
- Recommendations for deepening and strengthening Australian-US economic ties

The investment relationship

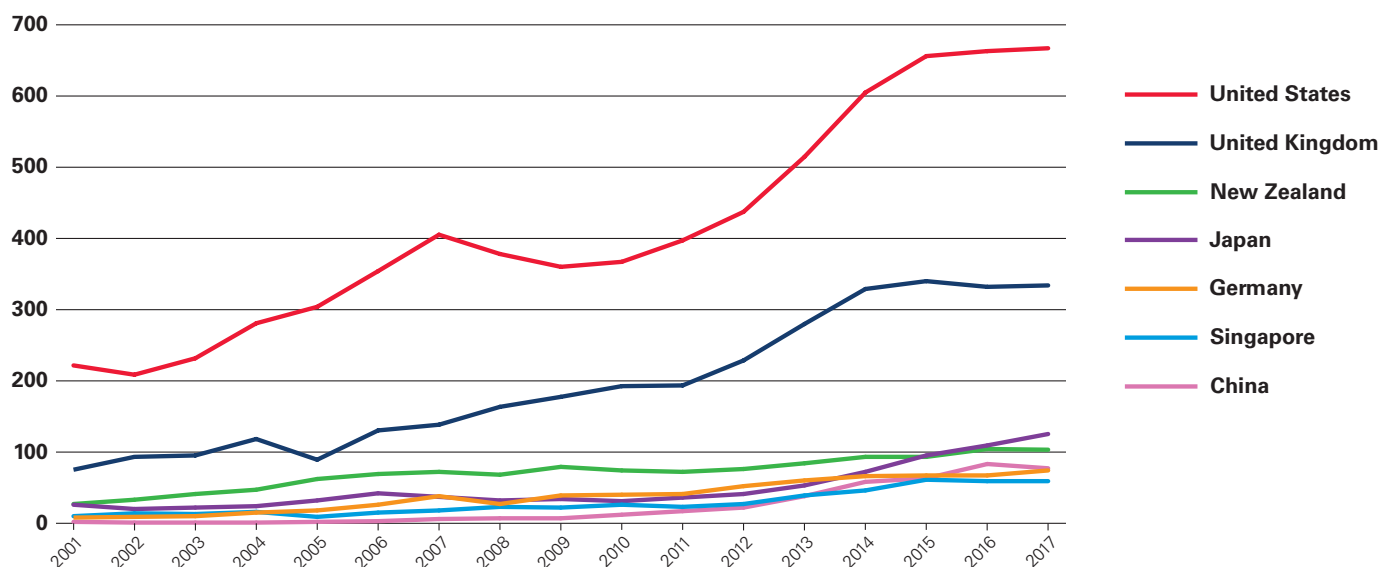
For more than a quarter century, the United States has been the single largest destination of Australian investment.

Nearly 30 per cent of all outbound Australian investment goes to the United States. Australian investment in the United States is cumulatively valued at US\$470 billion, equivalent to nearly 40 per cent of Australia's Gross Domestic Product (GDP) in 2018, and more than 12 times the US\$38 billion that Australia has invested in China. Australian firms with large investments in the United States range from the large construction and property company Lendlease to the investment vehicle for some of Australia's largest pension funds, IFM Investors. For these enterprises, the United States is not just a large and vital market in its own right, but a springboard to the world and a scale of opportunity vastly greater than can be provided in the Australian marketplace.

"Australian investment in the United States continues to grow significantly, doubling since 2005 and tripling since 2001."

Today, nearly 1,000 Australian enterprises operate across the United States, with total assets of US\$238 billion. With annual sales valued at US\$53 billion, these affiliates contributed US\$11 billion to the US economy in 2016. In the same year, Australian affiliates in the United States exported US\$3.1 billion in goods and services to locations around the world.

Figure 1. Australian outward foreign investment (A\$ billions)

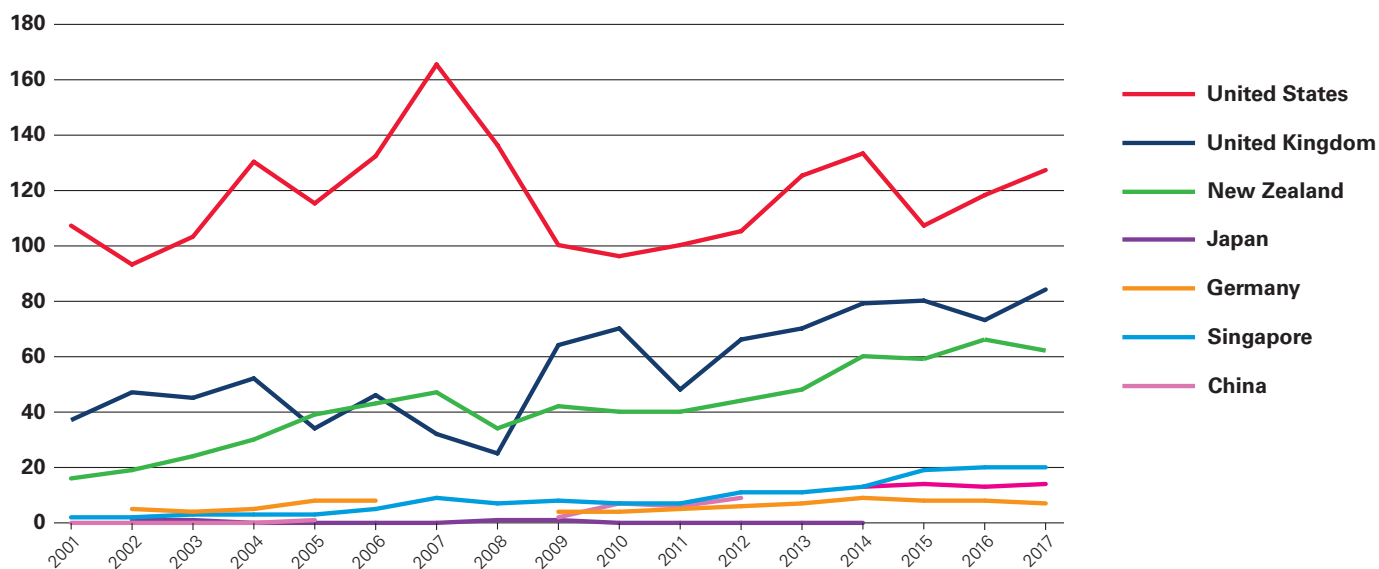


Source: ABS Series 5352

High-paying American jobs are also supported by the operations of Australian firms in the United States. Salaries of the 81,800 employees at Australian affiliated companies in the United States average more than US\$98,000 per year. This is nearly US\$20,000 more than the average salary paid by European affiliated companies in the United States and US\$40,000 more than the average American income.³ Per employee, Australian firms in the United States consistently pay their American employees more than Japanese, British, French, or Swedish firms operating in the United States. Other countries have a larger direct investment footprint in the United States than Australia's — for example, the Republic of Ireland, Spain and Belgium. But in many cases, Australian firms outspend firms from other countries on property, plant and equipment. Australian investment also focuses heavily on manufacturing, the destination for more than half of Australian direct investment in the United States.

One example is Sydney-headquartered Lendlease, which has helped implement new public-private partnerships in the US real estate sector. Another example especially relevant to the Midwest region is Australian-owned Pratt Industries, one of the largest privately-owned paper, packaging and recycling companies in the world. Pratt employs more than 8,000 workers across the United States, with a major Midwestern manufacturing component. Yet another example is ResMed, a company that originally began marketing technology developed at the University of Sydney. ResMed has moved its headquarters to San Diego and now leads the world with more than four million cloud-connected medical devices.

Figure 2. Australian outward foreign direct investment (A\$ billions)

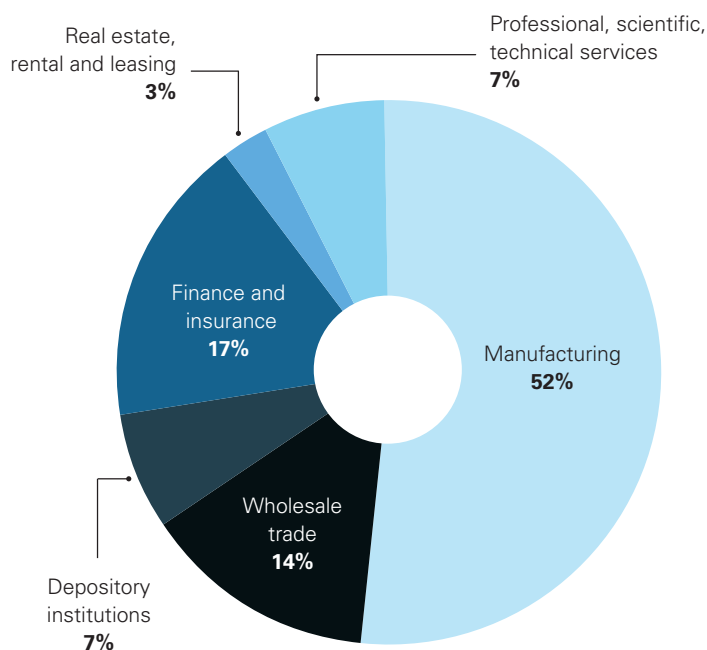


Note: Australian government data on outbound foreign direct investment by destination is sometimes unavailable in certain years due to corporate sensitivities, thus leading to "gaps" in the data. Source: ABS Series 5352

This is only a small sampling of the incredible breadth and depth of Australian investment in the United States. Few Australians — and seemingly even fewer Americans — know that over the past three decades, Australia has amassed a vast stock of capital in its compulsory pension and retirement funds (known in Australia as superannuation). In 2018, these funds were assessed as the fourth largest in the world — only behind the United States, United Kingdom and Japan, which all have significantly larger populations than Australia — with investments valued at US\$1.34 trillion, an amount greater than Australia’s annual GDP.⁴

Massive amounts of this colossal — and growing — investment pool come to the United States as portfolio investment, as the demand for diversification, yield and confidence from Australian investment managers and their clients push vast amounts of Australian capital into the United States. This investment helps to grow American firms and to build and repair US infrastructure, creating American jobs and securing economic prosperity for both countries.

Figure 3. Types of Australian direct investment into the United States, 2016



Source: US BEA, "Balance of payments and direct investment position data — foreign direct investment in the US."

Pratt Industries (USA) Inc.

PRIVATELY HELD

HEADQUARTERS:

Conyers, Georgia

SIGNIFICANT FIGURE:

8,200 American workers across the United States

Pratt Industries, the biggest manufacturer of 100 per cent recycled corrugated boxes in the United States, is an iconic example of the strength of the US\$1.1 trillion bilateral investment relationship between Australia and the United States.

Executive Chairman Anthony Pratt has built Pratt Industries in the United States from a standing start to today being the largest Australian-owned employer of Americans on US soil.

"We currently directly employ more than 8,200 high-paid US workers across our 70 manufacturing and recycling factories," Pratt says.

In 2017, Pratt made a public pledge to President Trump to invest another US\$2 billion in the United States over the ensuing decade to create a further 5,000 high-paying manufacturing jobs, mainly in the Midwest. His recent investments have already fulfilled 40 per cent of that pledge in just two years.



Pratt Industries' latest Midwest investment under construction is the Wapakoneta millugator in Ohio (Photo: Supplied)

“Our focus on the Midwest is all about the rebirth of the great American manufacturing capability, with our investments based on skilled, sustainable green-collar jobs producing 100 per cent recycled packaging from recovered paper,” Pratt says.

“My company has invested \$950 million in factories in the Midwest states, such as our \$260 million paper mill in Valparaiso, Indiana, and corrugated box plants in Lewisburg, Ohio and Beloit, Wisconsin. Our latest addition is a \$370 million greenfield paper and box facility under construction in Wapakoneta, Ohio, the home of the legendary Neil Armstrong.”

The Wapakoneta investment includes a giant millugator — a Pratt-invented continuous recycled paper line and corrugator — which exemplifies the company’s circular manufacturing vision. It will be the world’s most advanced packaging manufacturing facility, directly employing 230 people, with a further 1,500 jobs in construction and thousands more in dependent and flow-on jobs.

Pratt Industries has invested more than \$2.5 billion in manufacturing and recycling plants across 26 US states — \$800 million since President Trump took office. Five of America’s seven most recently built paper mills have been built by Pratt Industries.

Pratt says a key to this record investment is the company’s 100 per cent private status, enabling it to take a long-term view. America is also the only investment destination that offers long-term, 30-year mortgage style bonds, which have been crucial for Pratt’s environmentally-focused investments.

“The recent Trump reforms of the US tax system, with lower corporate taxes and the 100 per cent capital write-down provision, have given a real incentive to attracting more investment here,” he said.

Pratt Industries also has a deep commitment to producing clean energy from mill waste, avoiding landfill and producing sustainable packaging products.

Pratt Industries USA Executive Chairman: Anthony Pratt



- Executive Chairman of Pratt Industries USA and Visy Australia, which together form the world’s largest privately-owned recycled paper and packaging company.
- Established Pratt Industries as the only major paper company in America that manufactures only 100 per cent recycled paper.
- Employs more than 11,000 people worldwide — including 8,200 in the United States, which makes Pratt the largest Australian employer in the United States.
- A leading global food security advocate and each year sponsors the influential Global Food Forums in the United States and Australia.
- Bachelor of Economics (Hons) from Monash University, Melbourne.

Lendlease

ASX: LLC

GLOBAL HEADQUARTERS:

Sydney, Australia

US HEADQUARTERS:

New York, New York

SIGNIFICANT FIGURE:

US\$3.6 billion in revenue in the United States

Lendlease is a leading international property developer, builder and owner with local expertise across Australia, Asia, the Americas and Europe. In these core markets, the firm is an experienced and trusted partner of governments, investors, clients, and communities. Lendlease is publicly listed on the Australian Securities Exchange and employs more than 13,000 professionals supporting the delivery of hundreds of active projects and managed assets around the world.

Some of the company's noteworthy projects include: Barangaroo South, Darling Square, Victoria Harbour, and Brisbane Showgrounds in Australia; Elephant & Castle and International Quarter London in the United Kingdom; Paya Lebar Quarter and Tun Razak Exchange in Asia; and Southbank in Chicago.

Lendlease exemplifies the role the two-way investment relationship with the United States plays in fostering the growth of Australian businesses.



Operating in the United States through the firm's gateway cities in New York, Boston, Los Angeles, Chicago and San Francisco, Lendlease offers core capabilities in property and community development, construction, investment management and infrastructure development. The sheer scale of the US market presents significant opportunities for companies like Lendlease in Chicago.

"We are focused on the rebirth and renewal of under-utilized urban areas like parts of Chicago where it is ripe to develop residential, retail, commercial and civic environments while leveraging our construction and funds management businesses," said Denis Hickey, Chief Executive Officer for Lendlease in the Americas. "Lendlease is committed to growing its portfolio in the United States by 50 per cent over the next decade," said Hickey.

Since 1976, Lendlease in Chicago has provided an array of services including development and construction management to an established and growing client base and is long recognized for managing some of the area's most celebrated projects.

Lendlease has a long history in Chicago, spanning more than 600 projects across more than 100 million square feet, including landmark projects such as the Harold Washington Library Center, the Navy Pier Reconstruction, Chicagoland Speedway, Children's Memorial Medical Center, the O'Hare International Airport Development program and Trump International Hotel & Tower.

Lendlease continues to develop and construct major projects adding to the Chicago skyline including The Cooper (452 rental units in the Southbank Neighborhood), Southbank Park (open greenspace and recreational amenities), Lakeshore East (a mixed-use project with 1,200 residential units) and 845 West Madison (1,200 rental units). Lendlease has partnered with a large Australian superannuation fund to develop and own the Cooper and Lakeshore East development projects.

Transplanting business models from market to market can go both ways. The company is drawing on insights from the multi-family dwelling market in a city like Chicago in its planning for new initiatives in the Australian market. Decades of experience in the United States has been crucial in Lendlease becoming a global business.

Lendlease Chief Executive Officer: Denis Hickey



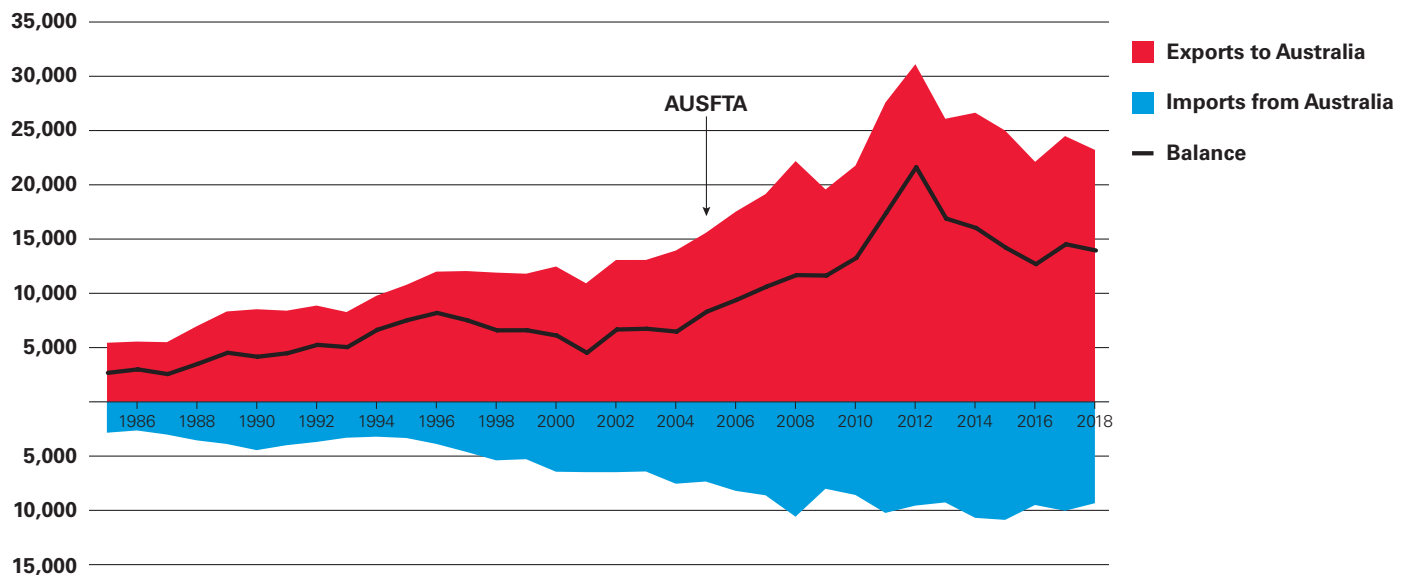
- Chief Executive Officer Americas since 2014 and is based in New York.
- Works across all aspects of real estate development and investment management, where he has been responsible for retail, residential, office, retirement, apartments, and major urban renewal projects.
- Responsible for US\$3.6 billion in revenue out of the Americas.
- Bachelor of Business from Monash University and an AMP from Harvard University.

The trade relationship

AUSFTA heralded a new era when it came into force in 2005, with US exports to Australia more than doubling since its commencement. More than a decade later, 96.1 per cent of all Australian exports to the United States — ranging from wine to clothing — are now tariff-free, while approximately 75 per cent of agricultural tariffs have been eliminated.

In 2018, the United States was Australia's third largest trading partner in goods and the largest in services. Under AUSFTA, the bilateral goods trade surplus has doubled to nearly US\$14 billion in favor of the United States, and the bilateral services trade surplus has grown five-fold to US\$15 billion, again in favor of the United States. Today, the goods trading surplus with Australia is the third highest of all US bilateral trade relationships, only following the Netherlands and Hong Kong — both of which are nations with favorable corporate tax structures.

Figure 4. The US trade surplus in goods with Australia, 1985-2018 (US\$ millions)



Source: US Census Bureau

The makeup of US exports to Australia is diverse, with the top goods being passenger motor vehicles; aircraft, spacecraft, and parts; medical instruments; and telecommunications equipment. Services exports including tourism from the United States to Australia have also grown considerably, with the United States being the third most popular tourist destination for Australian residents, ranking after New Zealand and Indonesia.⁵ In 2018, 1.1 million Australians — nearly five per cent of the population — visited the United States, supporting thousands of American jobs across the country with their spending of more than US\$8.7 billion.

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Table 1. Top US goods exports to Australia by state, 2017 (origin of movement)

	Export market rank for Australia	Total exports in 2017 (US\$ million)	Top goods exported to Australia in 2017
Hawaii*	1	340	Transportation equipment
North Dakota	3	121	Machinery
Illinois	5	2,614	Machinery
South Dakota	6	33	Computers and electronic products
Nebraska	6	254	Machinery
Iowa	6	380	Machinery
Wyoming	7	55	Chemicals
Wisconsin	8	559	Machinery
South Carolina	8	776	Transportation equipment
Nevada	8	193	Electrical equipment
Missouri	8	300	Transportation equipment
Alaska	8	159	Minerals and ores
New Mexico	9	47	Fabricated metal products
Oklahoma	10	111	Computers and electronic products
Michigan	10	849	Transportation equipment

* US export data is often measured at the point when goods leave the United States. As a result, Hawaiian export data often includes goods produced in other US states. Source: US Census Data; The Trade Partnership

Figure 5. Total increase in exports to Australia, 2006 to 2017

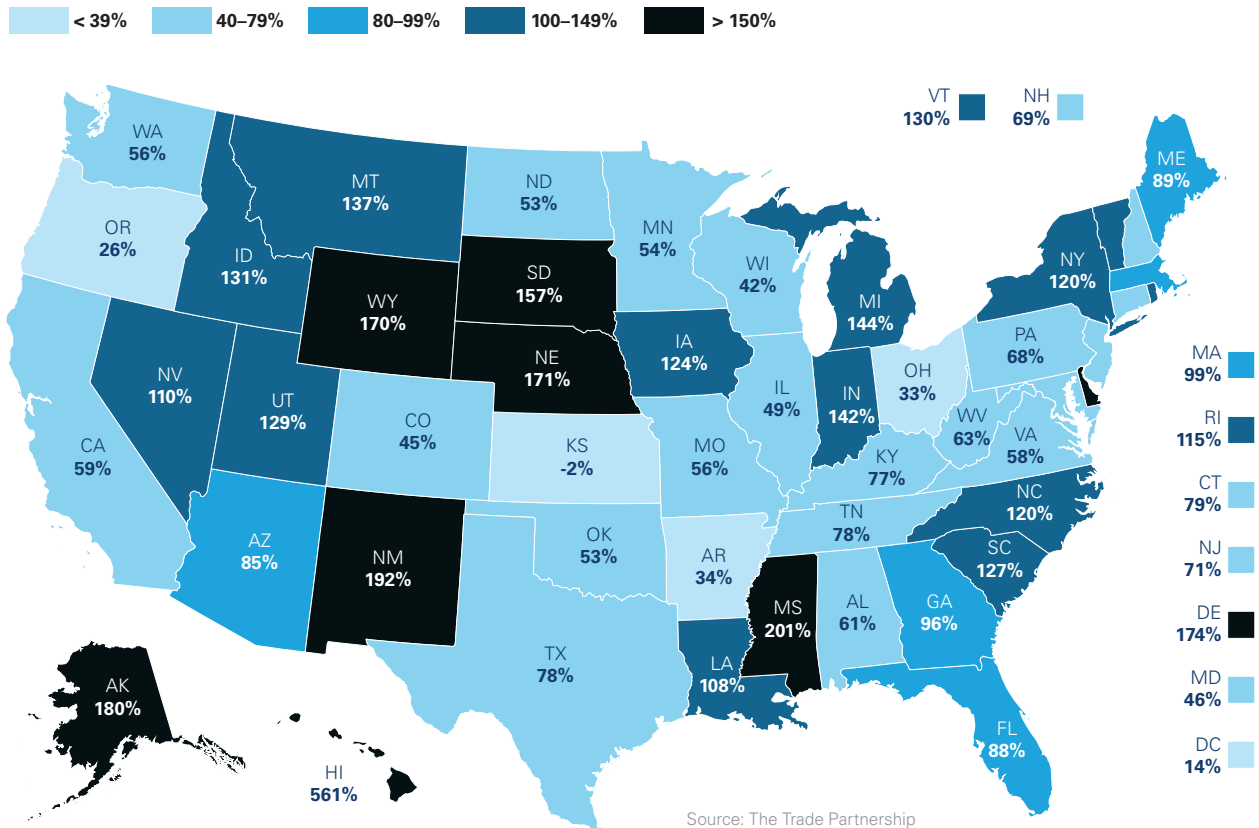


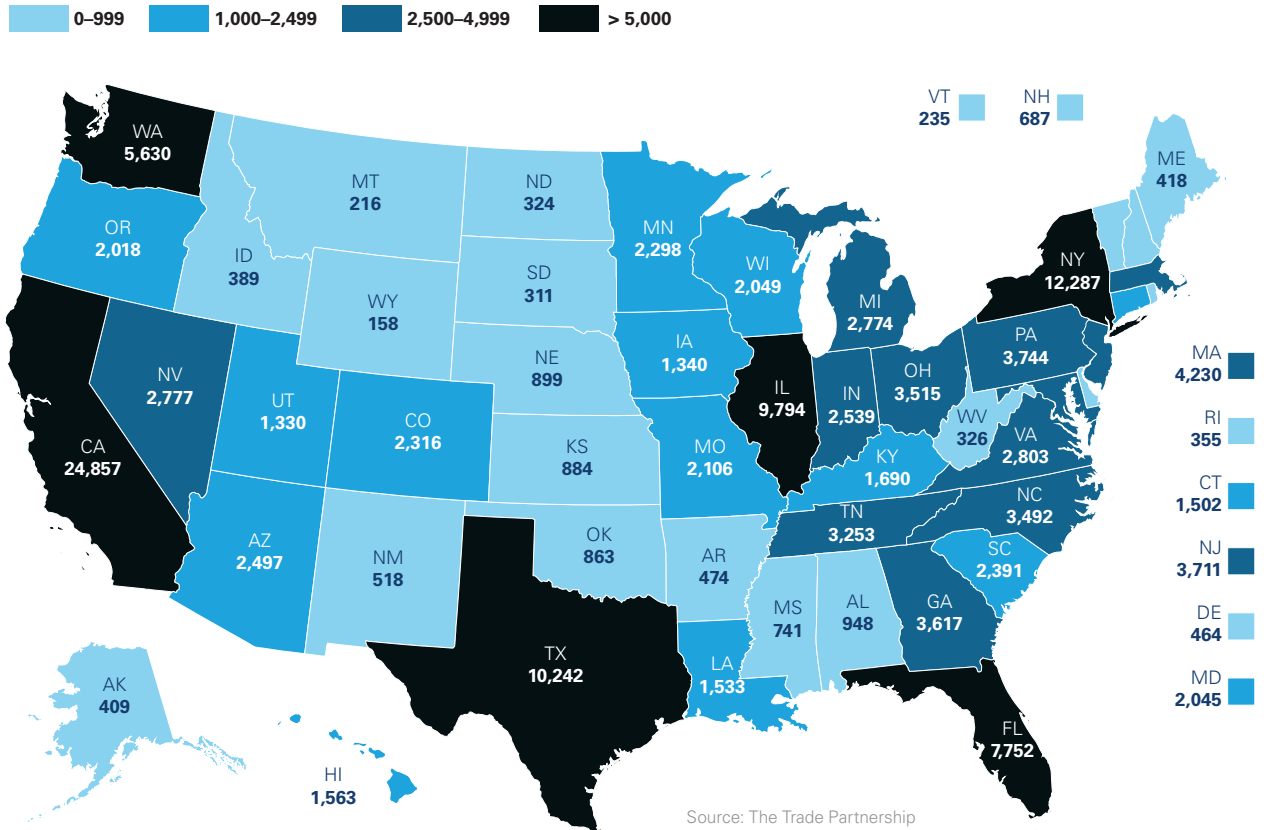
Table 2. Ranking of US goods trade surpluses (YTD Dec. 2018)

Rank	Country	Surplus (US\$B)
1	Hong Kong	31.1
2	Netherlands	24.8
3	Australia	15.2
4	United Arab Emirates	14.5
5	Belgium	14.2
6	Brazil	8.3
7	Panama	6.4
8	Singapore	5.9
9	United Kingdom	5.4
10	Argentina	5.1

Source: US Census Data

The surge in exports to Australia has supported a commensurate rise in related jobs. Jobs supported by US exports to Australia have increased by 37 per cent since 2006, and services exports jobs alone increased by 86 per cent in the same period. In 2015, exports to Australia directly or indirectly supported 265,000 American jobs — an increase of more than 100,000 jobs in the United States from 2004, the year prior to the commencement of AUSFTA.⁶

Figure 6. Employment directly supported by exports to Australia, 2017



Jobs supported by US exports to Australia have increased by 37 per cent since 2006, and services exports jobs alone increased by 86 per cent in the same period.



Cook Medical

PRIVATELY HELD

GLOBAL HEADQUARTERS:

Bloomington, Indiana

SIGNIFICANT FIGURE:

Exports Australian-manufactured products to 64 countries around the world

The Bloomington Indiana-based Cook Medical is a family-owned company founded more than 50 years ago in 1963.

Having started with wire guides, needles and catheters, Cook Medical now has more than 12,000 employees around the world and devices across 41 different medical specialties that can be found in 135 countries.

Australia has been a critical part of Cook Medical in the four decades since it began operations in Melbourne in 1979.

Today, the Cook Medical Australia team manufactures and conducts R&D across two product families: stent-grafts for endovascular repair which are used to help patients with aortic aneurysms and in-vitro fertilization to assist those trying to conceive a child. Both of these Cook Medical product lines were invented and



developed in Australia, with the former developed in partnership with a Perth-based surgeon and the latter with Sydney IVF.

Amidst comparatively high labor costs compared to Southeast Asian locations, Cook Medical Australia Vice President and Manager Director Dr Samih Nabulsi says that Australia's safety, strong IP laws, and talent pool with specialized skills are distinct advantages.

The company's Australian employee size has tripled since the early 2000s to now total more than 600 employees and the operation includes a purpose-built R&D and manufacturing facility in Brisbane. The Cook Medical footprint in Australia today exports more than 90 per cent of its locally manufactured products to some 64 countries. Collaboration is an ongoing priority and much of these efforts have been directed through the Australian Research Council Research

Hub for the Advanced Manufacturing of Medical Devices. This includes the Brisbane-based University of Queensland, a key partner for Cook Medical, and a number of other research and industry firms.

Despite its global reach, Nabulsi finds that Cook Medical is still a family-owned company that is "not always driven by dollar targets" but also focuses on engaging with employees and the community.

Cook Medical President: Pete Yonkman



- Appointed President of Cook Medical in 2013, Yonkman joined Cook in 2001 and has held various positions, including corporate counsel, vice president of Asian operations, chief legal officer, and president of Cook Urological.
- Yonkman's primary focus: maintain the company's unique culture while adapting to the rapid pace of change in healthcare by embracing continual improvement across the company and pursuing medical device technologies that improve the lives of patients.
- He has completed an undergraduate degree in psychology and philosophy from Indiana University in Bloomington and a law degree from the Indiana University's Maurer School of Law.

Incitec Pivot Limited

ASX: IPL

GLOBAL HEADQUARTERS:
Melbourne, Australia

SIGNIFICANT FIGURE:
US\$710 million invested in an ammonia plant in Louisiana

With a history dating back to 1919, Australia's Incitec Pivot (IPL) is the country's largest manufacturer and distributor of fertilizers and one of the world's largest manufacturers, distributors and innovators of industrial explosives.

IPL made a sizeable investment in the United States in 2008 with its US\$2.3 billion purchase of the Utah-based Dyno Nobel Americas — the largest explosive manufacturer in the United States.

With more than 1,800 US-based employees, including some of the most highly trained blasters and technical experts in the industry, IPL's Dyno Nobel Americas business services US customers in industries that include quarry and construction, base and precious metals and coal. To do this, Dyno Nobel Americas has a significant footprint across the United States, with four large scale plants, four technical manufacturing operations and more than 75 distribution centers.



Photo: Supplied

IPL made headlines again by building a world-scale ammonia plant in late 2016 — making an investment of some US\$710 million for the New Orleans-area plant.

“The Louisiana plant is a world-scale operation and is consistently running above nameplate after less than two years of operation,” IPL Managing Director and CEO Jeanne Johns says. “This is a strong achievement and recognition of industrial chemicals expertise locally and across the company.”

According to IPL, the decision to invest such a sizeable sum was shaped by the attractiveness of a robust and stable gas market comprised of thousands of natural gas producers and a vast network of delivery pipelines providing liquidity and security of supply, affordable pricing to customers and a cost effective and reliable future gas supply curve.

Such an opportunity presented itself with the US shale gas revolution. Given that the majority of the cost associated with making ammonia is gas, the massive influx of cheaper gas arising from unconventional sources was a unique opportunity that IPL has capitalized on.

The US\$710 million Louisiana-based ammonia plant, along with IPL’s other US operations, now deliver more than half of the company’s US\$2.7 billion in total annual revenue across its international markets.

According to Johns, “the United States is a welcoming place for our investment money, and we continue to look for opportunities to invest in this dynamic and attractive marketplace.”

Incitec Pivot Limited Managing Director and Chief Executive Officer: Jeanne Johns



- Appointed Managing Director and Chief Executive Officer in 2017 after 25 years' experience in the international refining, petrochemicals, oil and gas industries.
- Recognized with a Women in Manufacturing STEP (Science, Technology, Engineering and Production) Award in 2014.
- BS Chemical Engineering, Magna Cum Laude from University of Cincinnati.

Australia and the 50 states

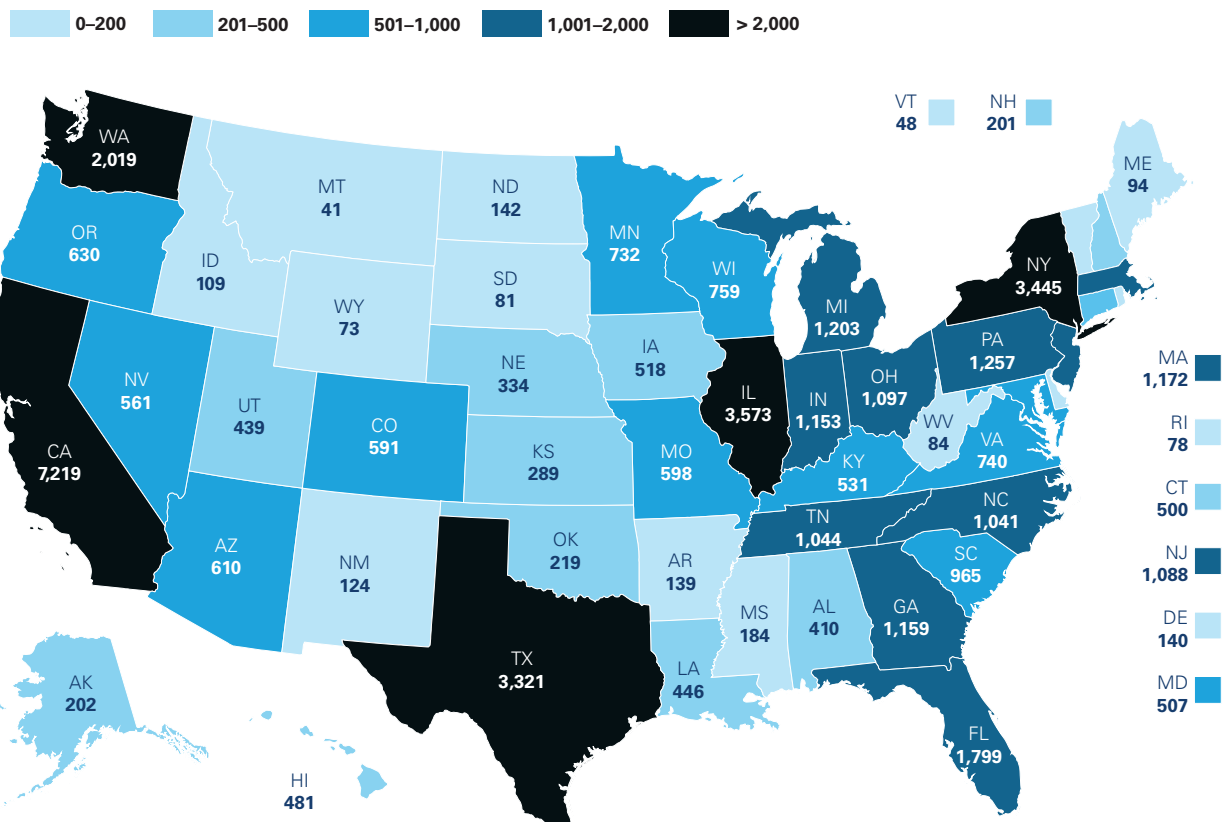
Strong ties exist between Australia and America's 50 states, especially when looking more specifically at exports and investment. Whether it is an Australian ship builder creating thousands of American jobs in Mobile, Alabama or aerospace manufacturers in the state of Washington exporting more than US\$500 million in goods per year to Australia, the benefits of the economic relationship are evident across the United States.

It comes as no surprise, however, that California leads the way as America's largest state economy by a comfortable margin. Companies in the Golden State exported an average of nearly US\$7.2 billion in

goods and services to Australia in each of 2016 and 2017, with tourism, computer and electronic products, and transportation equipment among the state's top exporting industries to Australia.

New York, Illinois, and Texas each tallied more than US\$3 billion in exports to Australia on average during the last two years. Not surprisingly, New York's key export to Australia is financial services, while machinery manufacturing and tourism lead the way for Illinois and Texas, respectively. Together, these top four states — California, New York, Illinois and Texas — account for 40 per cent of total American exports to Australia.

Figure 7. Total value of goods and services exports to Australia for every US state, 2017 (US\$ million)



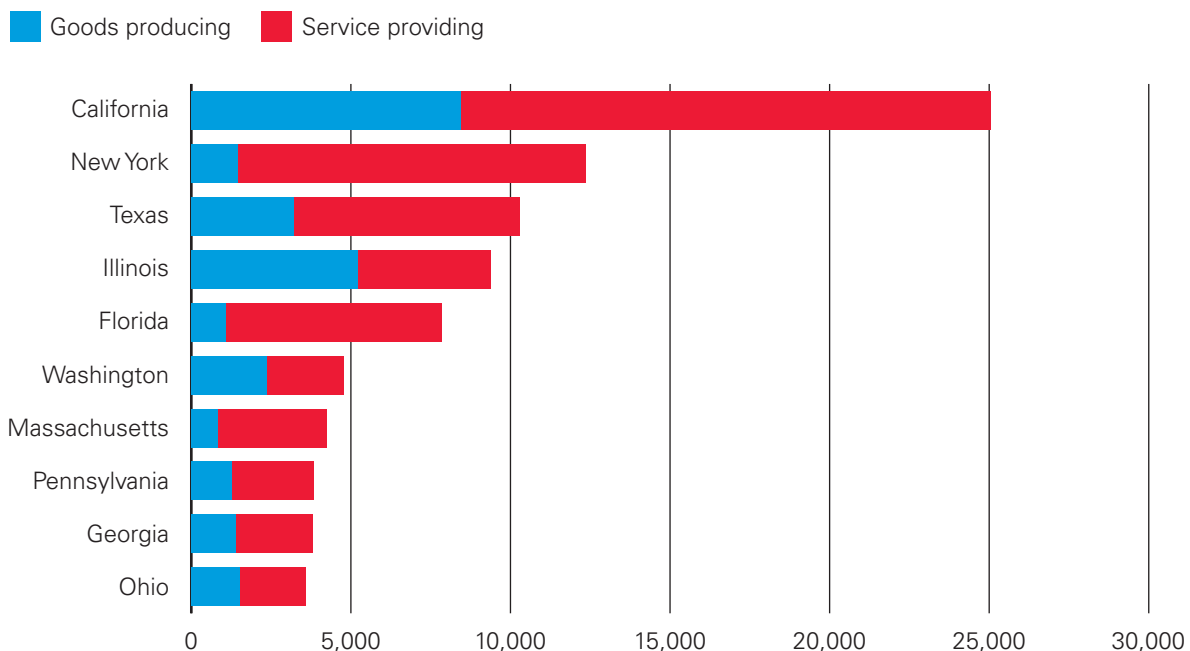
Source: The Trade Partnership

Of course, export activity translates into jobs. The Trade Partnership estimates that exports to Australia directly support 25,000 jobs in California, 12,300 jobs in New York, 10,300 jobs in Texas, 9,400 jobs in Illinois, and 7,900 jobs in Florida. In all, this trade relationship directly supports an estimated 141,000 jobs in the United States.

Not only is Australia a big destination for American goods and services, but Australian companies also drive significant investment in the United States. Between 2009 and 2018, Australian-based firms made nearly 400 new investment announcements across 41 states in the United States. These projects are expected to create more than 31,000 new American jobs and spur approximately US\$11 billion worth of capital expenditures in the United States.

Between 2009 and 2018, Australian-based firms made nearly 400 new investment announcements across 41 states in the United States. These projects are expected to create more than 31,000 new jobs and spur US\$11 billion worth of capital expenditures in the United States.

Figure 8. Top states for jobs supported by exports to Australia by industry type, 2016 to 2017 annual average

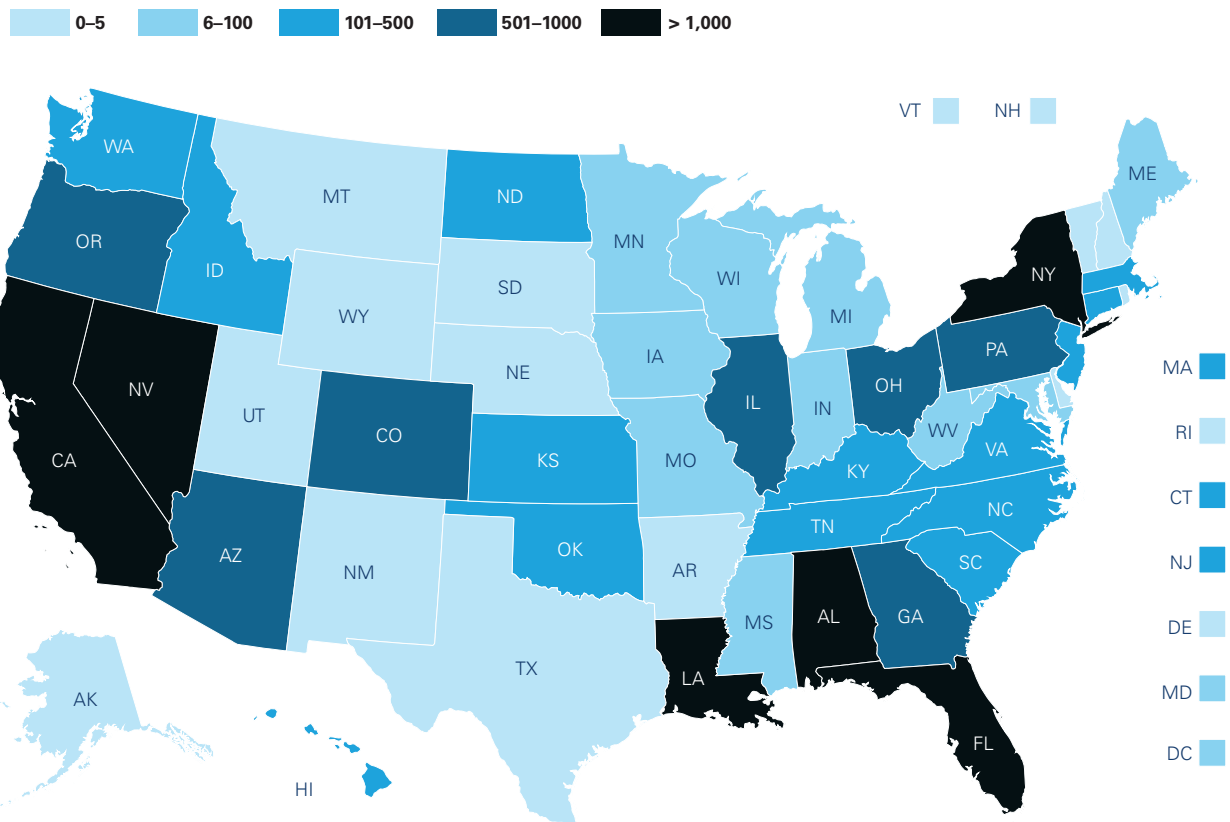


Source: The Trade Partnership

Once again, California leads the way, attracting nearly 120 Australian investments over this span that are expected to generate up to US\$2.2 billion in capital spending and support 11,600 jobs in the state. Construction and real estate, along with information technology, have been the top industries for Australian companies investing in California.

New York, Illinois, Florida, and Georgia have also attracted a relatively large number of projects from Australian firms in recent years. While the total number of investments are comparatively few, some significant projects helped Alabama, Nevada, and Louisiana rank among the top states for the employment impact tied to Australian investments. The Australian ship builder Austal is largely responsible for the sizable employment impact in Alabama, while investments in the leisure and entertainment industry were primarily responsible for the job gains in Nevada. Chemicals manufacturing and energy industries accounted for the lion's share of new employment generated by Australian firms in Louisiana.

Figure 9. Number of jobs related to Australian foreign direct investment announcements in the United States, 2009 to 2018



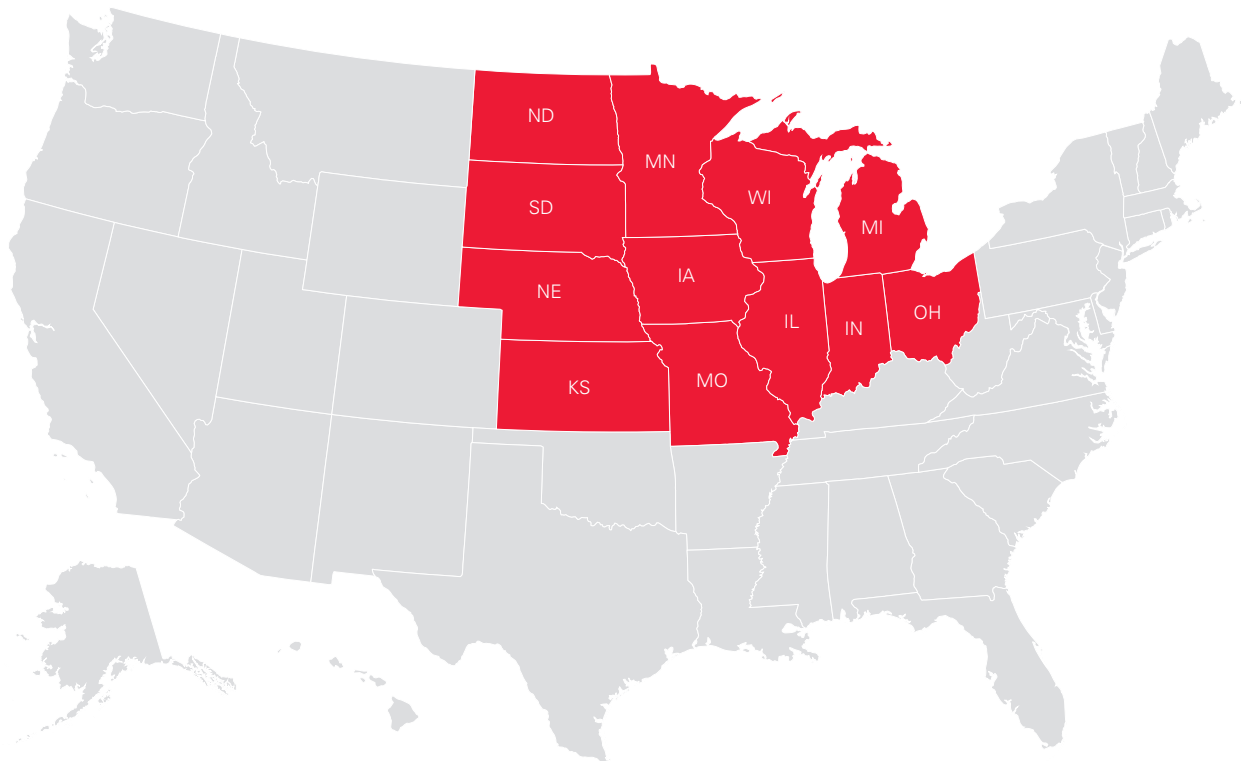
Source: fDi Markets; data analysis by Indiana University, Kelley School of Business, IBRC

Australia and the Midwest region

The Midwest region of the United States is of particular interest to officials working to strengthen Australia-US economic ties. This region has long served as the industrial heartland of the United States — a role that certainly extends into its relationship

with Australia. With regard to exports, for instance, the Midwest states account for only 15 per cent of the value of US services exported to Australia, yet this region produces nearly one-third of the total value of goods shipped to the Australian market.

Figure 10. Midwest states



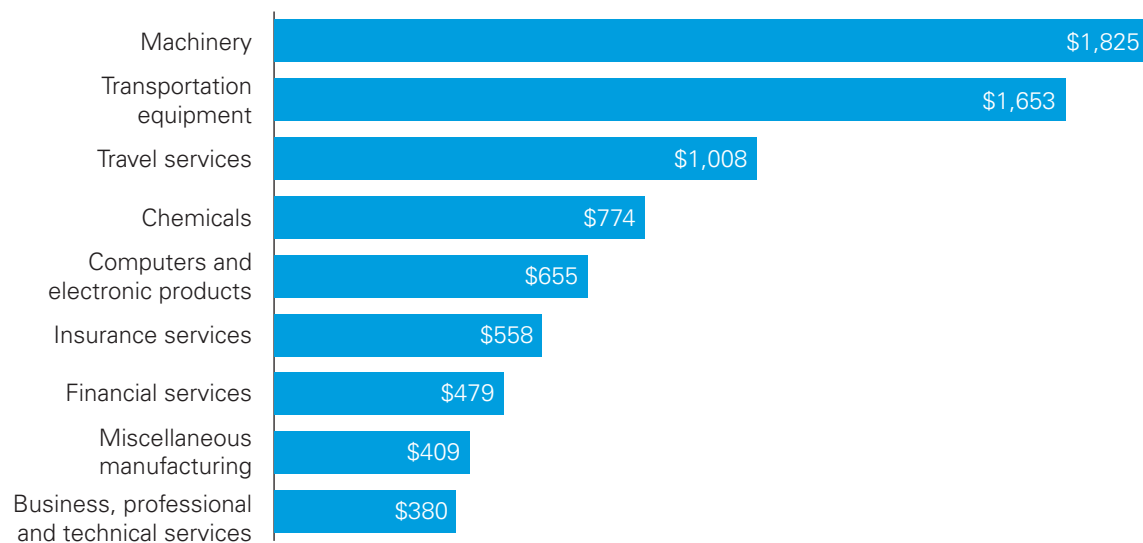
IA=Iowa, IL=Illinois, IN=Indiana, KS=Kansas, MI=Michigan, MN=Minnesota, MO=Missouri, ND=North Dakota, NE=Nebraska, OH=Ohio, SD=South Dakota, WI=Wisconsin

A look at the top American export industries to Australia underlines the differing contribution of the Midwest states when it comes to the export of services rather than goods. With an average annual value of US\$7.7 billion over 2016 and 2017, tourism ranks as the top US export to Australia, but currently 87 per cent of these services are supplied outside the Midwest. Financial services also ranks highly, but again 87 per cent of this activity occurs in other parts of the United States.

When it comes to America's top manufacturing export industries, however, the Midwest unsurprisingly assumes a much larger role. This region produces 31 per cent of the value of transportation equipment shipped to Australia and accounts for more than 50 per cent of all American machinery exports to Australia.

The Midwest is also responsible for roughly one quarter of the chemicals and computer and electronic products exported to Australia from the United States. Midwestern states also account for more than 40 per cent of the primary metal products and furniture that the US exports to Australia.

Figure 11. Midwest top export industries to Australia, value of exports (US\$ million), 2016 to 2017



Source: The Trade Partnership

Correspondingly, Australian business investment in Midwest states leans toward manufacturing, as well. Between 2009 and 2018, nearly 38 per cent of the jobs supported by new Australian investments in the Midwest were tied to manufacturing activities. By contrast, only 21 per cent of jobs related to Australian foreign direct investment (FDI) in states outside the Midwest were related to manufacturing.

Australian firms have announced 40 new investments in Midwest states during the past decade. Those investments generated nearly US\$1.6 billion in capital expenditure and created an estimated 2,200 new jobs in the region. Eleven of these projects were tied to new manufacturing activities generating approximately 820 jobs. Australian FDI announcements related to logistics and transportation, new headquarters, and sales and marketing activities have also led to relatively large employment impacts in the Midwest.

Table 3. Australian FDI announcements in Midwest states by activity type, 2009 to 2018

	FDI announcements	Estimate of total capital investments (US\$ million)	Estimate of total new jobs created
Manufacturing	11	1,152.8	820
Logistics, distribution and transportation	2	52.8	370
Headquarters	7	51.1	330
Sales, marketing and support	10	51.3	320
Information and communication technology	2	180.8	130
Recycling	1	33.1	100
Business services	5	26.5	80
Design, development and testing	1	17.6	30
Maintenance and servicing	1	2.4	20
Total	40	1,568.4	2,200

Source: fDi Markets; data analysis by Indiana University Kelley School of Business, IBRC

The Boeing Company

NYSE: BA

GLOBAL HEADQUARTERS:
Chicago, Illinois

SIGNIFICANT FIGURE:
More than US\$1 billion invested
in Australia

Chicago-based Boeing is the world's largest aerospace company, with more than US\$101 billion in global revenue. Approximately 60 per cent of its global revenue in 2018 came from Boeing's commercial airplanes business with the remaining one-third of revenues derived from the company's defense, space and security and global services businesses.

It is no mere coincidence that Australia is Boeing's largest operational footprint outside of the United States, and it certainly did not happen overnight: Boeing has invested more than US\$1 billion in its Australian operations, which date back to 1927 through its heritage companies. Today, Boeing has more than 3,000 employees across seven wholly-owned subsidiaries located in 38 locations throughout the country. According to Maureen Dougherty, President of Boeing Australia, New Zealand and South Pacific, the company is engaged in a wide variety of sectors across the region, including advanced manufacturing of complex airplane components, defense systems development, research and development, services including training, maintenance, modifications and upgrades, and unmanned systems.

Boeing continues to invest in its Australian operations, having invested in manufacturing upgrades at its Fishermans Bend facility in Melbourne, as well as new facilities for its defense team in Brisbane and Adelaide.

The multiplier effects of Boeing's investment in Australia are enormous. In 2016 alone, Boeing spent more than US\$283 million at more than 1,500 Australian suppliers, of which more than 50 per cent were small and medium enterprises. Boeing's many decades of work with Australian suppliers have not only helped Boeing's global development but also given local companies like the Victoria-based Lovitt Technologies, over the course of its 20 years of work with Boeing, the opportunity to grow. Lovitt grew "from an automotive tooling supplier into a globally competitive aerospace component manufacturer", according to Bruce Ramsay, Managing Director of Lovitt.



There are a number of reasons for this sustained engagement.

Firstly, Australia is a fundamentally democratic country with rule of law, business and financial regulations, and transparency similar to the United States. Secondly, Boeing has major military and commercial sector customers in Australia and the region. As a US-owned company, the military component in particular would obviously be more difficult to navigate if Australia did not have such extremely close US ties. According to company officials, there's an interoperability and interchangeability in the US-Australia relationship that allows for close collaboration between Boeing's US and Australian offices.

Lastly, Dougherty believes that Boeing's close partnerships with local universities, private institutions, and government organizations have been integral to Boeing's success in Australia. Partnerships with local universities such as the University of Queensland, Queensland University of Technology and the Royal Melbourne Institute of Technology, as well as CSIRO — the federal government agency responsible for

scientific research in Australia — have helped to drive innovation in aerospace systems design, development and manufacturing. Such partnerships, particularly with universities, have also given Boeing the critical ability to develop a pipeline for future talent.

One of the innovations arising from Boeing's work in Australia is used at Boeing Aerostructures Australia at Fishermans Bend in Victoria. The Victorian team is the sole source supplier of moveable trailing edges, comprised of an inboard flap, flaperon, outboard flap and aileron, for Boeing's 787 Dreamliner. It is the only Boeing site in the world that applies a 'resin infusion' system on components of the Dreamliner's moveable trailing edges — a technology developed in Victoria that makes the plane lighter and more efficient.

A more recent headline-making Boeing Australia development was the introduction of a new Australian-designed unmanned system for global defense customers. Launched at Melbourne's Avalon Air Show in February 2019, the system is the company's largest investment in a new unmanned aircraft program outside the United States.

Boeing President: Maureen Dougherty



- President of Boeing Australia, New Zealand and South Pacific since 2014, Dougherty is a 35-year Boeing veteran.
- Dougherty has held a variety of Boeing leadership positions on missile, fighter, bomber and military commercial derivative aircraft. She has a broad technical background in structures, avionics, systems and test engineering and has managed programs through development, production and sustainment.
- She completed her undergraduate degree in mechanical engineering at Penn State and her master's degree in engineering at the University of Washington, where she studied as a Boeing Company Systems Engineering Fellow.

Northern Trust

NASDAQ: NTRS

GLOBAL HEADQUARTERS:
Chicago, Illinois

SIGNIFICANT FIGURE:
US\$10 trillion in assets under
custody/administration

Founded in 1899, Northern Trust is a world-leading financial services firm that specializes in asset management, asset servicing and wealth management. Northern Trust's customers range from sovereign wealth funds, hedge funds and corporate brands to high net worth individuals and families.

The Chicago-headquartered firm has a global mandate, with 23 international locations across Canada, Europe, the Middle East and the Asia-Pacific region, and 18,800 employees globally. In addition to its expansive reach, Northern Trust also boasts an immense ledger. At the end of 2018, the global firm had more than US\$10 trillion in assets under custody/administration, US\$7.6 trillion in assets under custody, US\$1.1 trillion in assets under management and US\$132 billion in banking assets.



According to Angelo Calvitto, Northern Trust's Melbourne-based country head, although the firm found success around the world for many decades, its official entry into Australia was actually a relatively recent phenomenon. This is in no small part due to the fact that Australia had long been seen as having tax and accounting rules for retirement funds that were so complex that foreign firms were reluctant to enter the Australian market.

The bank had a number of clients in and around Australia for many years but it was in 2007 when Northern Trust was chosen as the custodian of Australia's Future Fund, the Australian Government's US\$105 billion sovereign wealth fund charged with meeting the pension payments to retired Australian civil servants. This, in addition to being awarded global custody mandates from other major institutional clients, led Northern Trust to obtaining an Australian financial services license in October 2008 and setting up shop in Melbourne.

Today, Northern Trust's Australian outfit has more than 140 staff to manage more than 40 asset servicing clients, six asset management clients, US\$340 billion under custody/administration, and US\$7.8 billion assets under management. Its clients are located in Australia, New Zealand and the Pacific, and include government entity sovereign funds, superannuation funds, investment managers, charitable and non-profit organizations, insurance and wealth managers.

Given that Calvitto finds Australia to be a "highly sophisticated financial services market and investment industry," how does his team stand out? The bank's global operating model and culture based on service, integrity and expertise, he says. With operating centers working 24 hours a day and seven days a week, Calvitto says Northern Trust clients can expect Northern Trust to always be working for them.

Northern Trust Chairman, President and Chief Executive Officer: Michael O'Grady



- Chief Executive Officer since January 2018, Chairman since January 2019.
- Prior to joining Northern Trust, O'Grady worked as a managing director at Bank of America Merrill Lynch in the firm's Investment Banking Group.
- Bachelor's degree in accounting from University of Notre Dame and an MBA from Harvard Graduate School of Business.

Clusters of opportunity

While Australian FDI already provides an important economic boost to the Midwest states, this region is well-positioned to attract even greater levels of Australian investment moving forward. One way to identify the unique strengths of the Midwest economy is to evaluate the key industry clusters in the region.

A cluster is a geographic concentration (agglomeration) of firms, workers and industries that do business with each other and have common needs for talent, technology, and infrastructure. Clusters are essentially networks of similar, synergistic or complementary public or private entities that are engaged in or with a particular industry sector; have active channels for business transactions and communication; share specialized infrastructure, labor markets and services; and leverage the region's unique competitive strengths to stimulate innovation and create jobs. Clusters may cross municipal, county and other jurisdictional boundaries.⁷ Successful industry clusters concentrate labor and talent, foster innovation and entrepreneurship, and attract similarly focused companies.

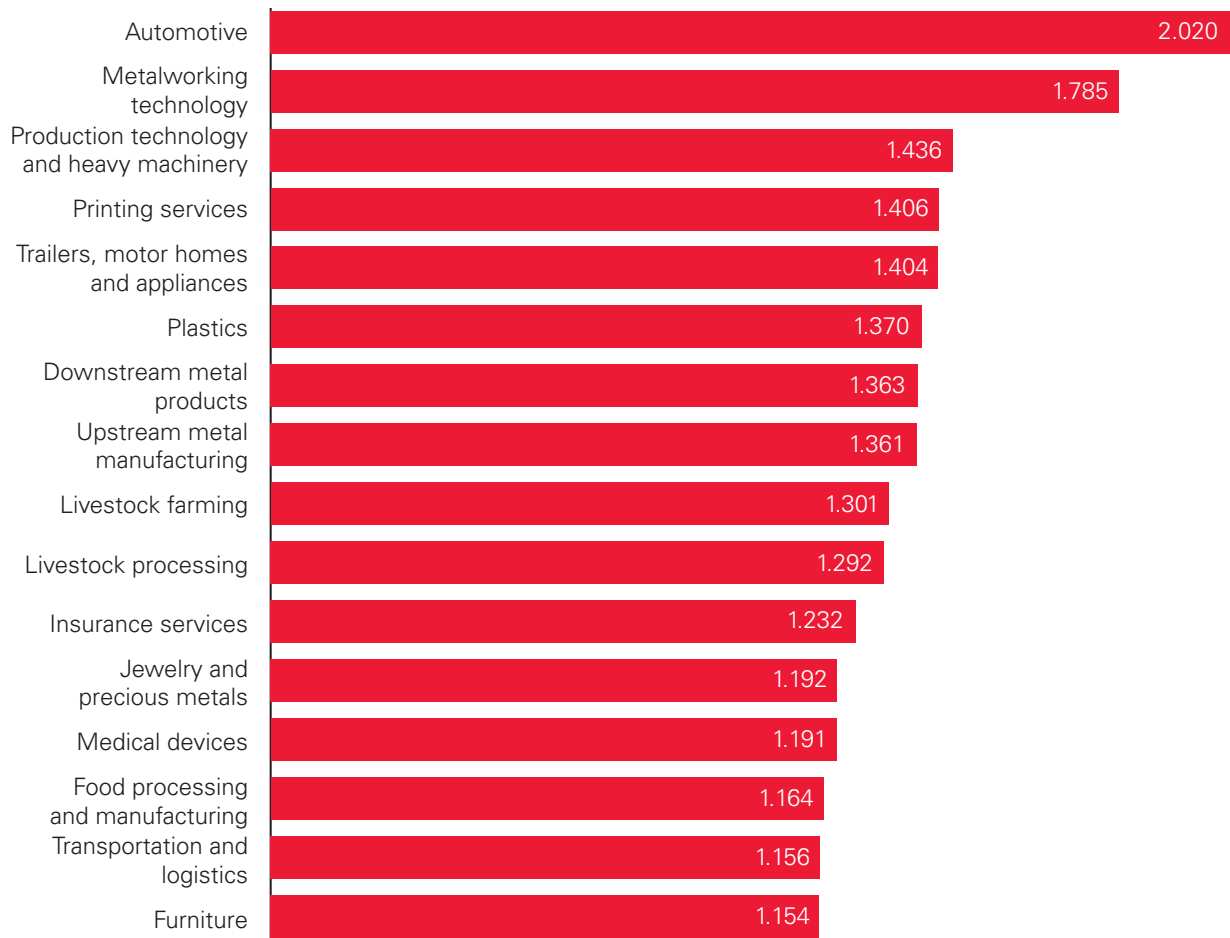
Take metal manufacturing as an example. The upstream metal manufacturing cluster includes companies engaged in iron and steel forging, metal processing and finished metal products.

A useful way to identify areas of economic specialization in a given region is to calculate location quotients (LQ) for these industry clusters. An LQ is an indicator of industry specialization that compares the share of regional employment in a given cluster to that same cluster's share of total employment nationally.

If a cluster has an LQ of 1.0, its share of total employment in the region is identical to its share nationally. A cluster with an LQ of 1.2 would have a 20 per cent greater share of employment than its share nationally, which would indicate a degree of specialization in that region. The higher the LQ, the more concentrated an industry or cluster is in the local area. LQs below 1.0 indicate that the region is not specialized in that cluster.

In the Midwest, the most specialized industry clusters are automotive manufacturing and metalworking technology. For automotive, the LQ of 2.0 indicates that employment in this cluster is twice as concentrated in the Midwest as it is nationally in the broader United States.

Figure 12. Location quotients for top Midwest industry clusters, 2017



Source: US Bureau of Labor Statistics; data analysis by Indiana University Kelley School of Business, IBRC

The interesting point is that many of these Midwest specialized clusters align with Australia's strengths in goods exporting.

Table 4 lists the top clusters for American goods imports from Australia. The top goods imported from Australia in 2016 and 2017 were livestock processing, followed by upstream metal manufacturing, and food processing and manufacturing. These clusters are also areas of specialization in the Midwest.

In all, the Midwest is specialized in eight of the top 12 import clusters from Australia as outlined in Table 4. These common economic strengths suggest that the Midwest could be an attractive destination for Australian firms — and the growing pool of Australian capital in search of returns — looking to invest in the United States.

These common economic strengths suggest that the Midwest could be an attractive destination for Australian firms — and the growing pool of Australian capital in search of returns — looking to invest in the United States.



Table 4. Specialization: Top clusters for US imports of goods from Australia and Midwest location quotients

	Value of US imports from Australia (US\$ million)	Employment LQ in Midwest
Livestock processing	2,885.1	1.3
Upstream metal manufacturing	1,219.1	1.4
Food processing and manufacturing	1,203.0	1.2
Aerospace vehicles and defense	1,054.6	0.8
Production technology and heavy machinery	1,054.6	1.4
Biopharmaceuticals	903.3	1.0
Metal mining	596.9	0.4
Information technology and analytical instruments	535.9	0.8
Medical devices	504.1	1.2
Furniture	501.7	1.2
Automotive	499.5	2.0
Plastics	486.0	1.4

Notes: The data source for imports does not include information for trade in services. Clusters in bold indicate areas of specialization in the Midwest region. Source: WISER Trade, US Bureau of Labor Statistics; data analysis by Indiana University Kelley School of Business, IBRC

Recommendations

The depth and breadth of the relationship between Australia and the United States is evident in numerous domains: defense and national security, science and technology, the creative industries, and — the subject of this report — trade and investment.

As documented here, the United States is the largest source of investment into Australia and the largest destination of Australian foreign investment. The United States is Australia's third largest trading partner and the launchpad of globally ambitious Australian firms. Against this backdrop of a deep, productive and long history of mutual benefit, what are the outstanding issues in Australia-US economic relations?

Beyond regulatory harmonization — which still requires much work — deepening collaboration and the sharing of expertise in the economic arena are critical next steps. Sectors that merit attention in the near term include the defense industry — a domain in which the United States leads the world, and in which Australia aspires to grow — and infrastructure, which Australia has built extensively through public-private partnerships but the United States lacks. But these are just the beginning. Much more can and should be done.

In order to tackle these challenges, however, it is imperative that the economic development policies of Australia and the United States be grounded in the best research, expertise, and data available. Substantial work has already been done that describes existing investment by American firms in Australia and Australian firms in the United States. For example, in 2017 the United States Studies Centre (USSC) at the University of Sydney published a comprehensive analysis of FDI in Australia and the United States.⁸

The analysis includes an overview of American capital investment resources, research on attitudes toward American business investment in Australia, an illustration of how American products are integrated into Australian daily life, policy recommendations to increase American investment in Australia, and case studies of American companies investing in Australia. Additional analysis of Australian FDI in the United States, also published in 2017, was prepared by the Australian Trade and Investment Commission (Austrade).⁹

This recent important work undertaken by the USSC and Austrade establishes a solid foundation for the development of further information and analyses that will assist American and Australian businesses to target new areas for bilateral strategic investment. There is great potential to develop additional data sets and other tools to identify where further strategic investment can be made to increase mutually beneficial competitiveness and market development, complementing the data research efforts being carried out in our respective countries. The following are recommendations for additional work that may be undertaken by this partnership.

1. Australia-US Economic Policy Forum

Create a permanent joint Australia-US policy forum that will focus its efforts on the economic bond, and specifically growing and strengthening innovation, entrepreneurship, trade, and FDI between Australia and the United States.

Programs of joint research concentrating on these four areas form the pillars of bilateral economic development and sustained cooperation, which positions each country to be more responsive to the increasing challenges of competing in a globalized economy. The ultimate objective of the establishment of a policy forum work group is to identify information, tools, and policies that will stimulate even greater levels of bilateral investment and trade, while promoting economic resilience and competitiveness in a global economy.

While this report does not address policy challenges, we do describe some possible collaborative projects that should be considered for future work commissioned by a permanent joint Australia-US policy forum working in concert with the AABC. The important work already completed in this and prior reports lays a firm foundation to build upon for our respective economic futures, especially when combined with the programs of work recommended in items 2 and 3.

The ultimate objective of the establishment of a policy forum work group is to identify information, tools, and policies that will stimulate even greater levels of bilateral investment and trade, while promoting economic resilience and competitiveness in a global economy.



2. Targeted market analysis for future economic development

Establish a competitiveness working group focused on economic analysis to identify additional regions of Australia and the United States that may be desirable locations for further investment based upon existing industry strengths.

The competitive advantages of industry clusters are well known since the publication of Porter's *The Competitive Advantage of Nations*.¹⁰ Although complementary public policies are required to take full advantage of the presence of industry clusters, clusters remain as desirable and advantageous locations for businesses in the same or complementary industries, whether as final producers or as part of a supply/value chain.

Analysis of locations and characteristics of industry and workforce clusters matching AABC's 12 major industries of focus can yield valuable information for competitive business investment decisions. Harmonized cluster data, for example, can show the possibilities for targeting current Australian and US investment in their respective countries and specific location-matched industry clusters that may provide known competitive advantages to both countries in terms of innovation, skilled workforce capacity and economic resilience.

This competitiveness working group will facilitate an industry cluster matching analysis so that Australian and American businesses can identify clusters of industries ripe for further investment and development. A robust cluster map based on harmonized NAICS-ANZSIC¹¹ codes between Australian industries and sectors can be matched with existing US cluster data as a source of strategic business investment information and presented through the AABC and the recommended Economic Policy Forum for further exploration and development.

This competitiveness working group will facilitate an industry cluster matching analysis so that Australian and American businesses can identify clusters of industries ripe for further investment and development.

3. Workshops, tours and exchanges

Establish an annual on-site visitation program for government, industry and higher education executives to increase engagement between these three sectors to identify exemplary projects, practices and policies for investment.

Building on the first two proposed programs of collaborative work, annual on-site tour exchanges — one each in Australia and the United States — that include business executives, government representatives and economic researchers can be hosted at research centers, public-private innovation and entrepreneurship projects, and existing joint ventures. These exchanges will stimulate greater levels of public policy compatibility, as well as public and private ideation for new products and services, intercontinental business cooperation, and increased support and investment levels through strengthened connectivity between the public, private and higher education sectors.

Leveraging the work and timing of the Economic Policy Forum (recommendation 1), the exchanges can focus on specific cluster industries or individual sector policy dialogue. In-person meetings between decisionmakers from all sectors can increase the identification of collaborative opportunities for investment as well as policy development. For example, the Americas Competitiveness Exchange (ACE) is a joint initiative of the US Departments of State and Commerce and the Organization of American States. Established in 2014, ACE brings together 50 senior-level government, business, policy, and economic decisionmakers from across the countries of the Americas and beyond to experience firsthand the diverse range of projects, strategic investments, public-private partnerships and best practices from a region's innovation and entrepreneurship ecosystems.¹²



CASE STUDY

Citi

NYSE: C

GLOBAL HEADQUARTERS:

New York, New York

SIGNIFICANT FIGURE:

More than US\$2.8 billion invested
in its Australian businesses

The largest international bank in Australia, Citi Australia was among the first foreign banks to be granted a banking license in 1985.

Citi's retail banking operation in Australia is modest with around 0.7 per cent market share of Australian deposits and mortgages, yet it brings significant advantages and plays a big role in Australia's retail banking market. Furthermore, being the largest credit card issuer in the world, it brings scale and innovation to the Australian market, where it holds an 11.8 per cent share. Citi currently extends US\$11.2 billion in loans to its Australian retail and institutional clients.

The firm's global network is critical for its Australian clients. The New York-based Citi started moving outside the United States more than a century ago and now operates in 98 countries, with a consumer presence in 19 markets around the world. Being the most international bank in the world, it can bring its network to bear for its Australian clients throughout all its product offerings.



The Citi experience strikingly illustrates the fundamental importance of US debt markets — and the key role that US financial institutions play. The “trans-Pacific pipe of capital,” as Citi Australia’s Head of Banking, Capital Markets and Advisory Tony Osmond characterized it, is fundamental for funding Australia’s large commercial banks, including Commonwealth Bank of Australia, National Australia Bank, Australia and New Zealand Banking Group, Westpac, and Macquarie (with approximately US\$17 billion raised for them last year alone), but also for other corporates.

This happens through direct access to US markets for some companies, but for many small and medium enterprises (SMEs), it is the funding that the big banks are able to access from the United States that flows on into Australia — allowing significant lending to the SME sector. The United States is the largest and most sophisticated capital market in the world, dwarfing any other in its importance for Australia. “The United States leads the world in financial innovation, making it a great place for Australian companies to access funding to grow their businesses,” said Osmond.

Human capital and knowledge transfer are also crucial. “We bring Australian talent back to Australia,” said Guy Matthews, Citi Australia’s head of corporate affairs. It is common for Australian Citi executives to spend a decade or more in overseas markets before returning home to Australia, bringing skills and perspectives that can benefit their local colleagues.

Citi sees this with its clients too. Expertise and knowledge transfer have been particularly important in the liquefied natural gas sector, for example.

Like many other companies, Citi views Australia’s attractiveness as an investment destination stemming from its respect for the rule of law, of its membership in the OECD, the Australian Stock Exchange and its regulatory provisions, the fully floating exchange rate, and a strong base of experienced professional services talent such as lawyers and accountants.

In terms of Australia as a destination for foreign investment, global competitiveness is the key dynamic.

Citi Chief Executive Officer: Michael Corbat



- Chief Executive Officer of Citigroup since 2010.
- Corbat has also served as the CEO of Europe Middle East and Africa (EMEA), Citi’s Global Wealth Management unit, and was Head of the Global Corporate and Global Commercial Bank at Citi, a role in which he led the firm’s efforts providing financial services to top-tier multi-national corporations and financial institutions around the world.
- Corbat’s focus is leveraging Citi’s global network to serve its institutional and consumer banking clients by emphasizing strong execution and high ethical standards.
- Graduated from Harvard University with a bachelor’s degree in economics in 1983.

IFM Investors

PRIVATELY HELD

GLOBAL HEADQUARTERS:
Melbourne, Australia

SIGNIFICANT FIGURE:
US\$300 million invested in route maintenance and improvements since acquisition, with US\$150 million more planned

IFM Investors is an investor-owned global fund manager with a more than 20-year track record of infrastructure investing on behalf of institutional investors. It manages US\$82 billion across infrastructure, debt investments, listed equities and private equity on behalf of 352 institutional investors in 19 countries, including a large number of North American pension funds (as of 31 December 2018).

IFM Investors has made sizable investments in US infrastructure equity assets, the largest being the Indiana Toll Road (ITR). In May 2015, IFM Investors purchased Indiana Toll Road Concession Company (ITRCC), which operates ITR, for US\$5.7 billion. Roughly 35 pension funds from the Midwest are invested in ITR through IFM Investors.

More than 20 years ago, its pension fund owners had the idea to create an investor-owned fund manager where the profits and scale benefits would be shared with investors' members. IFM Investors CEO Brett Himbury said: "This investor-owned model is the



foundation of everything we do. We believe we have the responsibility to selectively grow the capability of our firm to improve the retirement outcomes of more than 15 million workers and their families globally that are represented by our investors.”

IFM Investors’ internal expertise in operating toll roads was critical to its success in driving large-scale improvements and enhancements at ITR. It has been a complementary addition to its existing portfolio of toll road and other infrastructure investments. IFM Investors’ acquisition of ITRCC was consistent with its objective to expand its North American portfolio of assets, where it counts more than 100 US pension funds as its partners.

As stewards of this essential asset in the Midwest, IFM Investors is committed to delivering a world-class facility for all stakeholders in the region. Under IFM Investors’ ownership, ITR has completed a series of improvements designed to provide enhanced services to customers, the community, the company’s employees and the environment.

Since 2015, more than US\$300 million in infrastructure and technology upgrades continue to transform ITR into a safer, high-quality and reliable component of the US transportation system. Further improvements are planned in all seven counties along the corridor.

New innovative programs and initiatives continue to be explored and implemented in order to reduce the frequency and severity of incidents caused by distracted drivers, cell phone usage, wrong-way drivers, and slide-offs during winter weather events across Northern Indiana.

Employee safety has been at the forefront of ITRCC’s culture under IFM Investors’ ownership. An array of employee safety initiatives have been strongly embraced across ITRCC. As a result, long-term employee injuries decreased by 82 per cent between 2014 and 2017. In 2018, the Lost Time of Injury Frequency Rate of 0.0 reflects the best employee safety record for any year of the toll road.

IFM Investors Chief Executive Officer: Brett Himbury



- Chief Executive Officer since April 2010.
- Responsible for the implementation of the firm’s strategy and delivery of strong results for our investors and their members.
- Under Himbury’s leadership, funds under management have grown from US\$14 billion to more than US\$83 billion, and the investment reach and client base extends around the globe with nine global offices.
- Himbury is known for his commitment to the values supporting the retirement future for more than 15 million people globally, contributing to the establishment of public policy in Australia, Europe, Asia and North America.
- Himbury holds an MBA from the Australian Graduate School of Management at the University of New South Wales.

Rio Tinto

ASX/LSE/NYSE: RIO

HEADQUARTERS:
Melbourne and London

SIGNIFICANT FIGURE:
US\$101,000 – the average salary at Rio Tinto's Salt Lake City operations, 76 per cent higher than the state's average salary

Rio Tinto is a British-Australian multinational that is one of the world's largest metals and mining corporations.

The firm has a diverse portfolio of assets and activities across the United States, but its oldest and most storied US investment is the firm's Kennecott operation in Salt Lake City, Utah, which has mined and processed minerals from the Bingham Canyon Mine for 116 years. The largest man-made excavation on Earth, Rio Tinto's Kennecott operation also includes a concentrator, smelter and refinery. These facilities process ore into high-grade copper, molybdenum, gold, silver, and sulfuric acid as a by-product.

One of the largest copper producers in the world, Rio Tinto Kennecott has produced more than 20 million tons of refined copper throughout its history and contributes approximately 15 per cent of the annual US copper demand.



Photo: Supplied

Beyond the direct impact of the copper, Rio Tinto's Kennecott operation has played a vital role in Utah's economy for more than a century, having generated more exports, employment and tax revenue for the state of Utah than any other single private sector operation. On an annual basis, the Kennecott operation contributes nearly US\$1.6 billion to the local economy through salaries, benefits, pensions, in-state purchase and taxes.

Rio Tinto's Kennecott operation directly employs 1,874 people and indirectly supports more than 9,000 full- and part-time jobs, totaling more than 11,000 local jobs. The Rio Tinto employees there were among the highest paid in Utah in 2016 and outperformed comparable mining positions on the state and national levels. The average annual payroll per employee with benefits was US\$101,789 – 76 per cent higher than Utah's average annual compensation of US\$57,729.

In its efforts to prevent, minimize, mitigate or remediate any potentially harmful effects of its operations on the environment, the company has also invested US\$2 billion in modernization projects and more than US\$700 million in reclamation and remediation activities. It has also reclaimed more than 11,500 acres of historic mining land.

Rio Tinto Chief Executive: Jean-Sébastien Jacques



- Chief Executive of Rio Tinto since 2016, with experience across the aluminum, bauxite, copper and steel industries.
- Prior to joining Rio Tinto, Jean-Sébastien spent more than 15 years working in various roles across Europe, South East Asia, India and the United States.
- Member of the International Council on Mining and Metals and the European Roundtable of Industrialists; Chairman of the International Copper Association since late 2014.
- Master of Science degree from École Centrale Paris, France.

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Photos on pages 10, 15, 16, 26, 28, 32, 35, 37, 38, 40: Getty Images

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