

FIBRE KING WELL POSITIONED TO CAPITALISE ON ASEAN GROWTH

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This innovative Australian packaging machine manufacturer is growing its business in ASEAN after establishing production operations in Thailand, ASEAN's manufacturing centre.

Regional consumers have become more discerning and sophisticated, leading to increased demand for more innovative packaging for products across a wide range of industries. Fibre King is well placed to respond to the challenge.

Based in North Brisbane, Fibre King has over 50 years' experience as a manufacturer of packaging machines which meet the precise specifications of businesses. This ranges from pharmaceutical firms to manufacturers of food, beverage, personal care and fresh produce.

Fibre King's team includes over 100 designers, engineers, technicians, and sales, service and support staff, who produce tailor-made packaging equipment for clients around the world. The company's focus on bespoke engineered and manufactured equipment and on-the-ground support necessitated a global network of installation bases across five continents to serve its clients.

Making the move to Thailand

Unlike many other manufacturers, Fibre King's business does not rely on high-volume production but on high-value, customised automated packaging equipment tailored to a client's particular business. This was a major reason why Fibre King made the decision to establish an offshore operation. Being located closer to potential new clients in China and the ASEAN region allowed the company to be more responsive to the demand for increasingly sophisticated packaging.

'We chose the ASEAN region due to the opportunity presented by a rapidly growing middle class and the



Fibre King's Thailand office.

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James Windsor, CEO, Fibre King

increasing demand for packaged fast moving consumer goods (FMCG),' said James Windsor, CEO, Fibre King. 'This, in turn, would increase the demand for our advanced packaging machines from FMCG companies.'

Fibre King selected Thailand's eastern seaboard as its only manufacturing centre outside Australia. The Thailand-Australia Free Trade Agreement played a key part in Fibre King's decision to locate in the country because many services and components in their Thai operation come from Australia. Thailand also offered good ports and internal infrastructure that ensured reliable supply chains across Asia. Fibre King also cited Thailand's one-stop visa service, investment protections and the opportunity to import duty-free industrial components as additional factors that influenced its decision.



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Establishing a successful business

Fibre King's entry into Thailand's manufacturing region was conducted in stages. A smaller factory was initially established in a separate location which the team used to carry out training and perform a 'dry run' for the high-level coordination that would characterise its forthcoming new factory. This period was also used to better understand the local business and regulatory environment and how its cost base would work.

As with any business that makes its first move to an overseas market, Fibre King quickly found out it needed to understand and learn to overcome common challenges such as language and cultural differences. Attracting and retaining high-calibre engineering staff was another focus for the company given the competition for skilled workers from other local businesses.

Nevertheless, the success that Fibre King has achieved thus far in Thailand has made all the effort worthwhile. The company has identified new customers which supported the growth of its Australian business.

'We have successfully developed a scalable business in Thailand capable of producing the requisite quality to be a supplier to top-tier companies like Nestle globally. We have supplied a number of projects to companies in Thailand, Malaysia and the Philippines over the last five years,' said Windsor.

Fibre King's success has led to further plans for expansion. The company is preparing to enter the Indonesian and Vietnamese markets as part of its push towards a greater global presence.

Finding the right path

When asked what advice he would give to Australian companies looking to succeed in ASEAN, Windsor suggested: 'Don't underestimate the challenges posed by the language barrier and cultural differences. Local knowledge is invaluable.'

Companies considering a move to Southeast Asia can benefit from the wealth of local knowledge and experience of other Australian businesses operating in the region. Organisations like Austrade, AustCham and local advisory firms can offer introductions, advice and guidance to help facilitate a smooth and successful move to the region.

With countries in ASEAN continuing to experience some of the best economic growth rates in the world, companies like Fibre King that move closer to their clients will be better-placed to make the most of a golden opportunity. The ASEAN-Australia-New Zealand FTA (AANZFTA) and bilateral trade agreements with Thailand, Malaysia, Singapore and Indonesia ensure Australian companies are well placed to make their mark in the region.

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- › win productive foreign direct investment
- › promote international education
- › strengthen Australia's tourism industry
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