

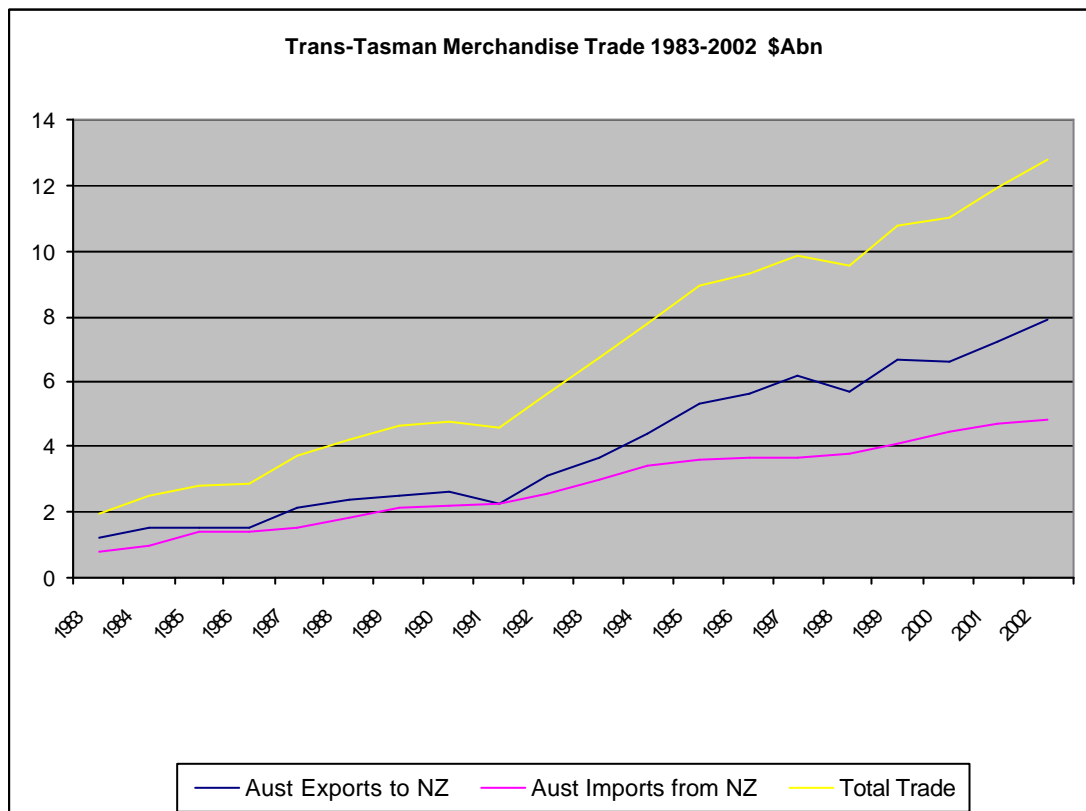
THE GAINS FROM CER

How well has CER worked?

CER remains one of the world's most open and successful free trade agreements. CER continues to be extraordinarily fruitful in improving trans-Tasman trade and investment links and in boosting the international competitiveness of both economies.

Trans-Tasman Trade

Two-way trade with New Zealand has expanded some 500 per cent since 1983, with an annual average growth of around nine per cent over the past decade — highlighting the continuing gains to business and the wider community.

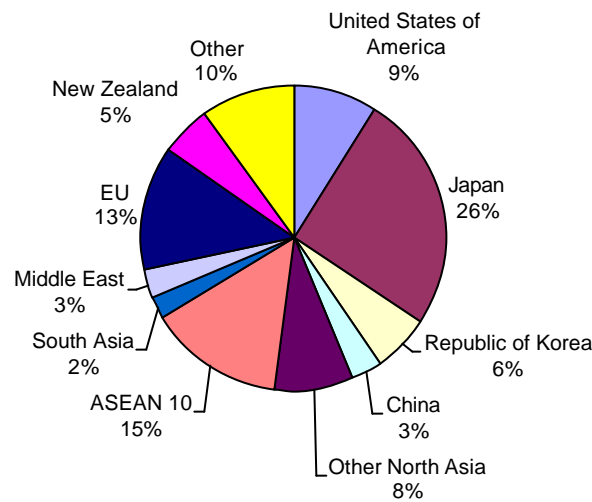


New Zealand has over the past two decades retained its position in the top five single markets for Australian exports.

Continuing Strength

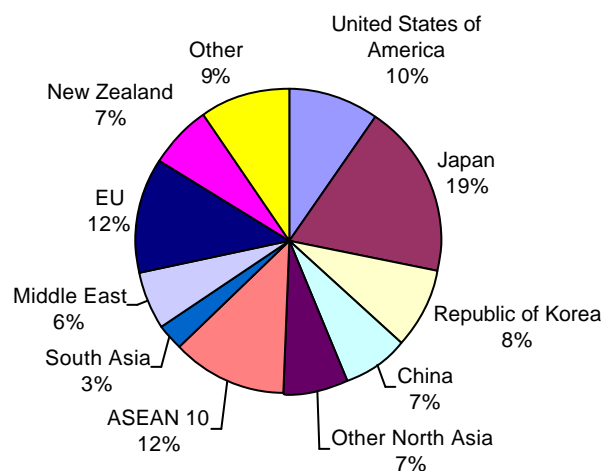
After a volatile global trading environment in the past decade New Zealand's share of total merchandise exports has increased, from around 5% in 1992 to just under 7% in 2002.

Destination of Australian Merchandise Exports 1992



Source: ABS data on DFAT STARS database

Destination of Australian Merchandise Exports 2002



When services are included New Zealand is still Australia's fifth-largest market, taking 5.9 per cent of total (merchandise plus services) exports. Total bilateral trade with New Zealand was more than \$16.2 billion in 2001-02 (including \$3.8 billion in services).

A Key Market for Manufactures

A Celebration of Trans-Tasman Relations
20 Years of Closer Economic Relations between Australia and New Zealand

New Zealand has long been an important market for Australia's merchandise exports. What is less widely known is that New Zealand is second only to the United States as a market for exports of elaborately transformed manufactures.

Over the 20 years of CER there have been changes in the composition of trans-Tasman trade in goods, reflecting changes in a diverse range of factors, such as technology, competitiveness, the structure of domestic industries, consumer demand and trade liberalisation (both under CER and multilaterally). Trade in some manufactures, such as computers and household appliances, has increased significantly. Other goods, based on primary production, have retained their importance.

Principal Merchandise Exports to New Zealand (\$Am)

	1981-82		2002
Petroleum Products, Refined	163	Refined Petroleum	568
Iron and Steel Products	66	Computers and parts	488
Passenger Motor Cars	55	Passenger motor vehicles	462
Medicinal and Pharmaceutical Products	31	Medicaments, incl. vet.	262
Printed matter	28	Crude Petroleum	213
Copper	27	Paper and paperboard	204
Other metal manufactures	27	Food products	153
Other motor vehicles	25	Textile yarns and fabrics.	141
Raw sugar, bulk	22	Mfrs. class. by material	132
Parts for motor vehicles	21	Clothing	127
Office Machines and ADP equipment	18	Alcoholic beverages	123
Other specialised machinery	17	Perfumery, Cosmetics	121

Principal Merchandise Imports from New Zealand (\$A m)

	1981-82		2002
Paper and paperboard	77	Food Products	338
Pulp and waste paper	48	Crude petroleum	321
Wood simply worked, railway sleepers	35	Paper and paperboard	263
Floor coverings	31	Wood, simply worked	247
Wool and other animal hair	29	Non-monetary gold	204
Fish	26	Household equipment	160
Other mfrs of metal	26	Chemicals and related products	132
Textile yarn incl. wool tops	25	Other articles of plastic	129
Clothing and apparel	22	Cheese and curd	126
Live animals, chiefly for food	20	Fish, chilled or frozen	118
Other general industrial machinery	19	Machinery, transport equipment	114
Household type equipment nes	19	Pulp and waste paper	95

Source: Composition of Trade, DFAT

Services trade across the Tasman

In 2000-2001 (the latest year for which details are available) Australian services exports to New Zealand totalled \$2.2 billion, the largest items being travel services \$1.2 billion, transportation \$448m, business services \$206m and communication services \$137m.

In 2000-2001 imports of services totalled \$1.7 billion, the largest items being travel services \$884m, transportation services \$565m and communication services \$114m.

Tourism is a significant driver of two-way trade, with total numbers of tourists from New Zealand now ahead of those from Japan. In the year ended June 2002, more than 790,000 New Zealanders visited Australia, the majority as holiday makers.

New Zealand visitors spent more than \$900 million (not including spending on international travel and package tours) in Australia in the year to June 2002. Shopping, visiting beaches and theme parks were popular activities. About 30% participated in or attended sport and related activities.

In 2001-2002 more than 630,000 Australians visited New Zealand.

(Source: ABS and Bureau of Tourism Research)

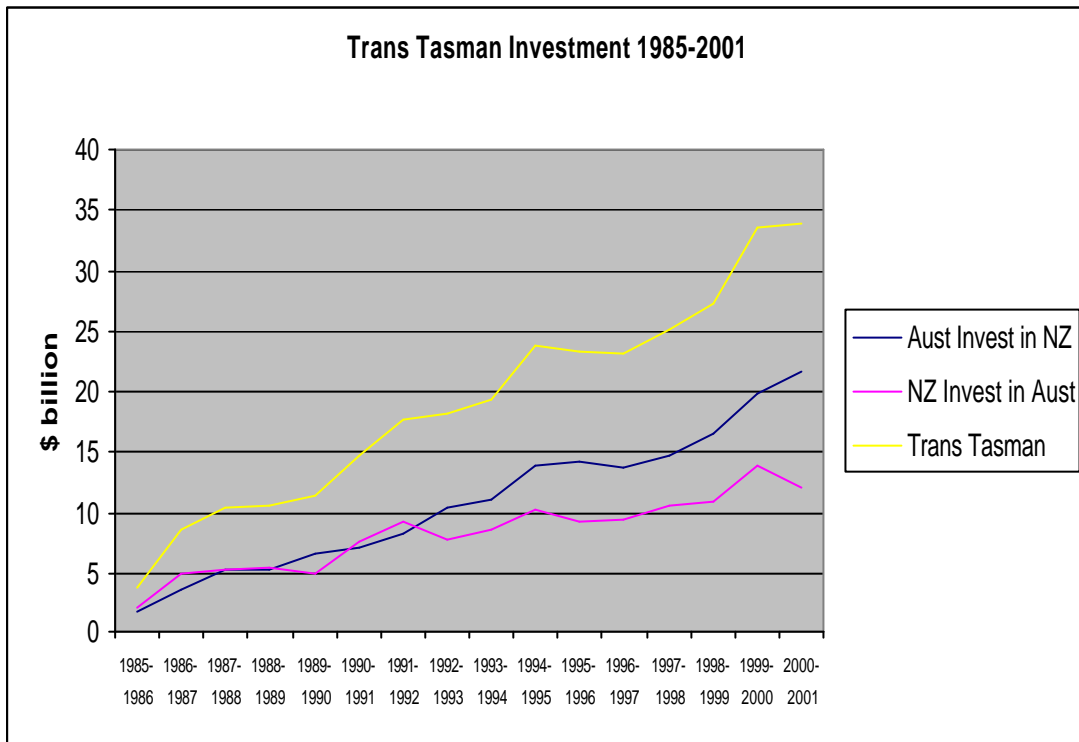
Cultural Goods and Services

New Zealand is Australia's largest export market for books and magazines, valued at \$90m and the second largest market (after the United States) for recorded audio and video products, valued at \$18m in 2000-2001.

New Zealand is a major market for audio-visual and related services (film and television distribution and licence payments etc) - after the United States and the United Kingdom - with exports of \$33 million in 2000-2001.

Two-Way Investment

Total two-way investment is \$33.8 billion. Australia is the largest foreign investor in New Zealand and the second destination (after the US) for New Zealand investment. Over half of Australia's total investment in New Zealand is Foreign Direct Investment, reflecting the high level of economic integration.



The changes in ownership and movements of business activity which frequently occur across the Tasman - in both directions - underline the vitality of the commercial links and the extent to which Australia and New Zealand have become one market. In many cases the greater scale which has been achieved has increased firms' competitiveness in regional markets.