



Australian Government

Department of Foreign Affairs and Trade

# TRADE AT A GLANCE 2013



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# MINISTER'S FOREWORD



## **WELCOME TO *TRADE AT A GLANCE 2013*, A SUMMARY OF AUSTRALIA'S TRADE AND ECONOMIC PERFORMANCE.**

Trade is of course integral to Australia's economy as illustrated by the fact that one in five jobs are directly linked to it.

Australia's two-way trade (exports and imports) has reached an all-time high, growing by 1.5 per cent to \$623.8 billion (up from \$614.5 billion in 2011).

Our trade activity is focused largely on the Asia-Pacific region, with over 70 per cent of transactions taking place with member economies of the Asia-Pacific Economic Cooperation (APEC) group. The prosperity of Australia and our region is being built through trade and investment. The opportunity for strong further trade will be underpinned by increased demand resulting from the extraordinary growth expected in the Asia-Pacific's middle class through to 2030.

When you have strong trade relations, inevitably new investment also follows. Since the First Fleet foreign investment has been fundamental to Australia's economic development, providing critical funding and capital for projects, business and industry that in turn creates economic opportunities for Australians. The top sources of foreign investment in Australia are (as at 2012) the US, the UK and Japan, with investment from other sources (such as Singapore, Switzerland, Hong Kong, The Netherlands, Canada, New Zealand and China) also important.

The message of the new Federal Government is clear: Australia is open for business with economic diplomacy at the core of our international policy effort.

We are committed to further strengthening our trade ties and investment relationships to grow a stronger economy, which will result in more jobs and greater prosperity.

I trust that you will find Trade at a Glance an informative and illustrative resource.

**The Hon Andrew Robb AO MP**

Minister for Trade and Investment



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# PROFILE OF AUSTRALIA'S TRADE IN 2012

Australia's trade in goods and services reached a new high in 2012. Two-way trade grew by 1.5 per cent to \$623.8 billion in 2012, up from \$614.5 billion in 2011. Minerals and fuels, especially iron ore and coal, played a vital role in Australia's economic success, making up nearly half of the nation's exports.

China, Japan, the United States and the Republic of Korea were Australia's top four trading partners again in 2012. Trade largely focused on the Asia-Pacific region, with over 70 per cent taking place with member economies of the Asia-Pacific Economic Cooperation (APEC) group.

## By Sector – Australia's Exports

Australia's total goods and services exports fell 4 per cent to \$300.4 billion, receding slightly from a record high in 2011. Export volumes grew 6.7 per cent while export prices fell 10.2 per cent.

Australia's manufacturing exports decreased by 3.1 per cent to \$40.4 billion, due in part to the strength of the Australian dollar. Services exports reached \$51.2 billion in 2012, with travel services accounting for 60 per cent.

## EXPORTS OF GOODS AND SERVICES 2012<sup>(a)</sup>

### Share by sector

Services	\$51.2b, 17.0%
Rural	\$34.8b, 11.6%
Minerals & fuels	\$145.6b, 48.5%
Manufactures	\$40.4b, 13.4%
Gold	\$16.3b, 5.4%
Other goods	\$12.2b, 4.1%



(a) Balance of payments basis. Based on ABS catalogue 5368.0.

## By Sector – Australia's Imports

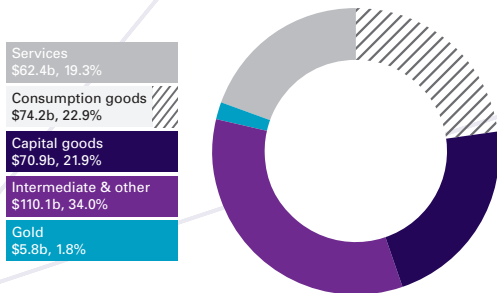
Imports are integral to the success of the Australian economy, providing crucial inputs to domestic industries and helping to maintain a robust, competitive economy.

Australia's total goods and services imports rose 7.3 per cent to \$323.4 billion. Import volumes grew 6.8 per cent while import prices rose 0.6 per cent.

Intermediate and other goods (e.g. car components) accounted for over a third of total imports, valued at \$110.1 billion, while consumption goods, capital goods and services accounted for around 20 per cent each.

### IMPORTS OF GOODS AND SERVICES 2012<sup>(a)</sup>

#### Share by sector



(a) Balance of payments basis. Based on ABS catalogue 5368.0.

# AUSTRALIA'S TRADE PERFORMANCE IN 2012

Following Australia's record \$11.7 billion surplus in 2011, Australia recorded a \$23 billion trade deficit in 2012.

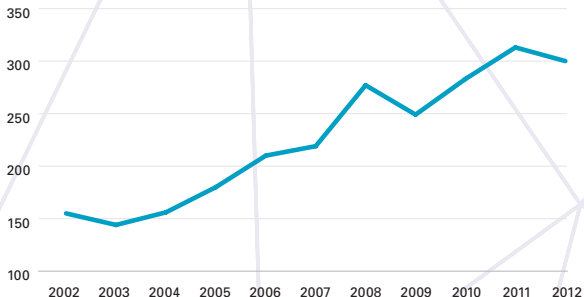
## By Value – Australia's Exports

The growth in Australia's goods and services exports over the past five years slowed to an average rate of 6.2 per cent per annum. This was in part because of lower prices received for Australia's metal ores, minerals and coal, even as export volumes rose. In fact, between 2011 and 2012 the value of minerals and fuels exports decreased by 8.2 per cent to \$145.6 billion.

Australia's top three exports in 2012 were iron ores & concentrates (\$54.4 billion), coal (\$41.3 billion) and gold (\$15.5 billion).

## EXPORTS OF GOODS AND SERVICES<sup>(a)</sup>

(\$ billion)



(a) Balance of payments basis. Based on ABS catalogue 5368.0.



## By Value – Australia's Imports

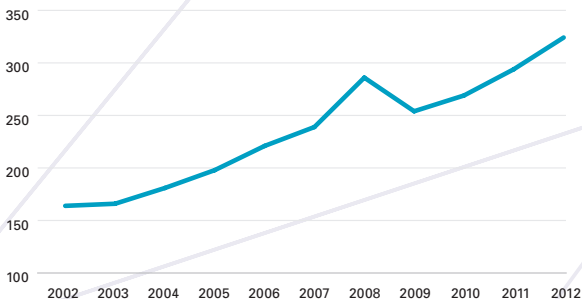
The value of Australia's goods and services imports grew on average 4.6 per cent per annum over the past five years.

Manufactured products accounted for over half of total imports and increased by 9.4 per cent to \$175 billion.

Australia's top three imports in 2012 were personal travel (\$22.1 billion), crude petroleum (\$21.6 billion) and passenger motor vehicles (\$16.9 billion).

## IMPORTS OF GOODS AND SERVICES<sup>(a)</sup>

(\$ billion)



(a) Balance of payments basis. Based on ABS catalogue 5368.0.

# AUSTRALIA'S MAJOR GOODS & SERVICES EXPORTS 2012<sup>(a)</sup>

RANK	COMMODITY	\$ BILLION
1	Iron ores & concentrates	54.4
2	Coal	41.3
3	Gold	15.5
4	Education-related travel services	14.5
5	Natural gas	13.4
6	Personal travel (excl education) services	12.2
7	Crude petroleum	11.0
8	Wheat	6.5
9	Aluminium ores & concentrates (incl alumina)	5.3
10	Copper ores & concentrates	5.3
11	Beef	4.8
12	Business travel services	4.1
13	Medicaments (incl veterinary)	3.8
14	Professional services	3.8
15	Aluminium	3.8
16	Technical & other business services	3.5
17	Copper	3.3
18	Refined petroleum	3.3
19	Cotton	2.6
20	Wool & other animal hair (incl tops)	2.5
<b>TOTAL EXPORTS<sup>(b)</sup></b>		<b>300.4</b>

(a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.

(b) Total exports on a balance of payments basis. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.**

# AUSTRALIA'S MAJOR GOODS & SERVICES IMPORTS 2012<sup>(a)</sup>

RANK	COMMODITY	\$ BILLION
1	Personal travel (excl education) services	22.1
2	Crude petroleum	21.6
3	Passenger motor vehicles	16.9
4	Refined petroleum	15.9
5	Freight transport services	9.2
6	Telecom equipment & parts	8.7
7	Goods vehicles	8.6
8	Medicaments (incl veterinary)	8.2
9	Passenger transport services <sup>(b)</sup>	6.9
10	Civil engineering equipment & parts	6.8
11	Computers	6.8
12	Gold	5.8
13	Technical & other business services	5.0
14	Charges for intellectual property	4.0
15	Professional services	3.5
16	Business travel services	3.4
17	Rubber tyres, treads & tubes	3.1
18	Measuring & analysing instruments	3.0
19	Vehicle parts & accessories	2.9
20	Furniture, mattresses & cushions	2.9
<b>TOTAL IMPORTS<sup>(c)</sup></b>		<b>323.4</b>

(a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.

(b) Includes related agency fees & commissions. (c) Total imports on a balance of payments basis. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.**

# AUSTRALIA'S MAJOR GOODS EXPORTS

2012<sup>(a)</sup>

RANK	COMMODITY	\$ MILLION	% SHARE
1	Iron ores & concentrates	54,447	21.8
2	Coal	41,273	16.6
3	Gold	15,526	6.2
4	Natural gas	13,416	5.4
5	Crude petroleum	10,988	4.4
6	Wheat	6,531	2.6
7	Aluminium ores & concentrates (incl alumina)	5,273	2.1
8	Copper ores & concentrates	5,255	2.1
9	Beef	4,754	1.9
10	Medicaments (incl veterinary)	3,849	1.5
11	Aluminium	3,774	1.5
12	Copper	3,349	1.3
13	Refined petroleum	3,271	1.3
14	Cotton	2,626	1.1
15	Wool & other animal hair (incl tops)	2,524	1.0
16	Meat (excl beef)	2,370	1.0
17	Alcoholic beverages (mainly wine)	2,009	0.8
18	Oil-seeds & oleaginous fruits, soft	1,780	0.7
19	Passenger motor vehicles	1,697	0.7
20	Nickel ores & concentrates	1,478	0.6
<b>TOTAL GOODS EXPORTS<sup>(b)</sup></b>		<b>249,233</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Total goods exports on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.

# AUSTRALIA'S MAJOR GOODS IMPORTS

2012<sup>(a)</sup>

RANK	COMMODITY	\$ MILLION	% SHARE
1	Crude petroleum	21,567	8.3
2	Passenger motor vehicles	16,919	6.5
3	Refined petroleum	15,871	6.1
4	Telecom equipment & parts	8,746	3.4
5	Goods vehicles	8,562	3.3
6	Medicaments (incl veterinary)	8,201	3.1
7	Civil engineering equipment & parts	6,822	2.6
8	Computers	6,777	2.6
9	Gold	5,841	2.2
10	Rubber tyres, treads & tubes	3,053	1.2
11	Measuring & analysing instruments	2,950	1.1
12	Vehicle parts & accessories	2,932	1.1
13	Furniture, mattresses & cushions	2,905	1.1
14	Electrical machinery & parts	2,608	1.0
15	Mechanical handling equipment & parts	2,541	1.0
16	Specialised machinery & parts	2,458	0.9
17	Pumps (excl liquid pumps) & parts	2,418	0.9
18	Prams, toys, games & sporting goods	2,316	0.9
19	Pharmaceutical products (excl medicaments)	2,305	0.9
20	Household-type equipment	2,273	0.9
<b>TOTAL GOODS IMPORTS<sup>(b)</sup></b>		<b>260,997</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Total goods imports on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.

# AUSTRALIA'S SERVICES

## EXPORTS 2012<sup>(a)</sup>

SERVICES	\$ MILLION	% SHARE
Manufactured services on physical inputs owned by others	10	0.0
Maintenance & repair	50	0.1
<b>TRANSPORT</b>		
Passenger <sup>(b)</sup>	2,490	4.9
Freight	348	0.7
Other	2,286	4.5
Postal & courier services	1,040	2.0
<b>TOTAL TRANSPORT</b>	<b>6,164</b>	<b>12.0</b>
<b>TRAVEL</b>		
Business	4,102	8.0
Personal	26,640	52.0
> Education-related	14,467	28.3
> Other personal <sup>(c)</sup>	12,173	23.8
<b>TOTAL TRAVEL</b>	<b>30,742</b>	<b>60.1</b>
<b>OTHER</b>		
Construction	50	0.1
Insurance & pension	457	0.9
Financial	1,596	3.1
Intellectual property charges	831	1.6
Telecommunications, computer & information	1,668	3.3
Other business services	7,824	15.3
Personal, cultural and recreational	878	1.7
Government services	912	1.8
<b>TOTAL OTHER</b>	<b>14,216</b>	<b>27.8</b>
<b>TOTAL SERVICES IMPORTS</b>	<b>51,182</b>	<b>100.0</b>

(a) Balance of payments basis. (b) Passenger services include air transport-related agency fees & commissions. (c) Inbound tourism for mainly recreational purposes.

Based on ABS catalogue 5368.0.

# AUSTRALIA'S SERVICES

## IMPORTS 2012<sup>(a)</sup>

SERVICES	\$ MILLION	% SHARE
Manufactured services on physical inputs owned by others	0	0.0
Maintenance & repair	493	0.8
<b>TRANSPORT</b>		
Passenger <sup>(b)</sup>	6,901	11.1
Freight	9,228	14.8
Other	480	0.8
Postal & courier services	79	0.1
<b>TOTAL TRANSPORT</b>	<b>16,688</b>	<b>26.7</b>
<b>TRAVEL</b>		
Business	3,386	5.4
Personal	23,152	37.1
> Education-related	1,020	1.6
> Other personal <sup>(c)</sup>	22,132	35.5
<b>TOTAL TRAVEL</b>	<b>26,538</b>	<b>42.5</b>
<b>OTHER</b>		
Construction	0	0.0
Insurance & pension	714	1.1
Financial	777	1.2
Intellectual property charges	4,044	6.5
Telecommunications, computer & information	1,790	2.9
Other business services	8,782	14.1
Personal, cultural and recreational	1,623	2.6
Government services	968	1.6
<b>TOTAL OTHER</b>	<b>18,698</b>	<b>30.0</b>
<b>TOTAL SERVICES IMPORTS</b>	<b>62,417</b>	<b>100.0</b>

(a) Balance of payments basis. (b) Passenger services include air transport-related agency fees & commissions. (c) Outbound tourism for mainly recreational purposes.

Based on ABS catalogue 5368.0.

# AUSTRALIA'S GLOBAL EXPORT POSITION

How we compare to the rest of the world 2012 (US\$ billion)

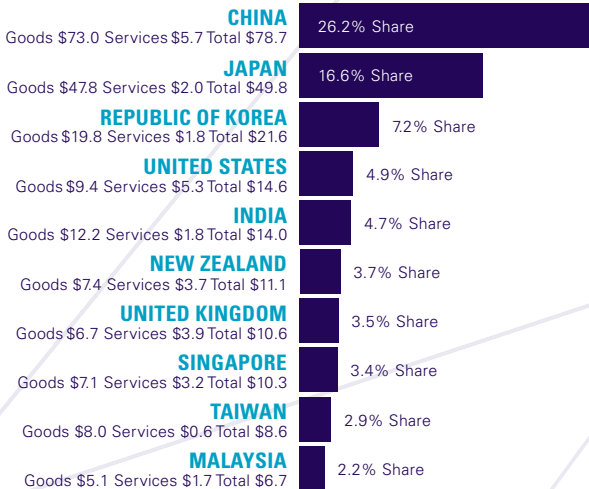
RANK	COUNTRY	GOODS <sup>(a)</sup>	SERVICES <sup>(b)</sup>	TOTAL EXPORTS	% SHARE
1	China	2,049	191	2,240	9.8
2	United States	1,546	640	2,186	9.6
3	Germany	1,407	262	1,669	7.3
4	Japan	799	146	944	4.1
5	Netherlands	656	134	789	3.5
6	France	569	212	780	3.4
7	United Kingdom	474	284	758	3.3
8	Republic of Korea	548	111	659	2.9
9	Hong Kong <sup>(c)</sup>	493	123	616	2.7
10	Italy	501	104	605	2.7
11	Russian Federation	529	59	588	2.6
12	Belgium	447	97	543	2.4
13	Canada	455	79	534	2.3
14	Singapore	408	112	521	2.3
15	India	294	141	435	1.9
16	Spain	294	137	431	1.9
17	Saudi Arabia	388	11	399	1.7
18	Mexico	371	16	387	1.7
19	United Arab Emirates	350	15	365	1.6
20	Taiwan	301	49	350	1.5
21	Switzerland	226	93	319	1.4
22	Australia	258	53	311	1.4
23	Brazil	243	40	282	1.2
24	Thailand	230	50	279	1.2
25	Malaysia	227	38	265	1.2
26	Sweden	172	76	249	1.1
27	Ireland	117	116	233	1.0
28	Austria	166	61	228	1.0
29	Poland	183	38	221	1.0
30	Indonesia	188	23	212	0.9
<b>TOTAL EXPORTS</b>		<b>18,401</b>	<b>4,426</b>	<b>22,827</b>	

(a) Goods on recorded trade basis. (b) Services on balance of payments basis. (c) Special Administrative Region of China. **Source: WTO online database.**



# AUSTRALIA'S TOP 10 EXPORT MARKETS 2012<sup>(a)</sup>

(\$ billion)



## TOTAL EXPORTS

**Goods \$249.2 Services \$51.2 Total \$300.4 of which:**

**APEC** Goods \$200.2 Services \$31.1 77.0% Share **ASEAN10** Goods \$25.7 Services \$8.6 11.4% Share **EU28** Goods \$17.1 Services \$8.4 8.5% Share **OECD** Goods \$106.0 Services \$23.1 43.0% Share

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis. Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.55.004.

# AUSTRALIA'S GLOBAL IMPORT POSITION

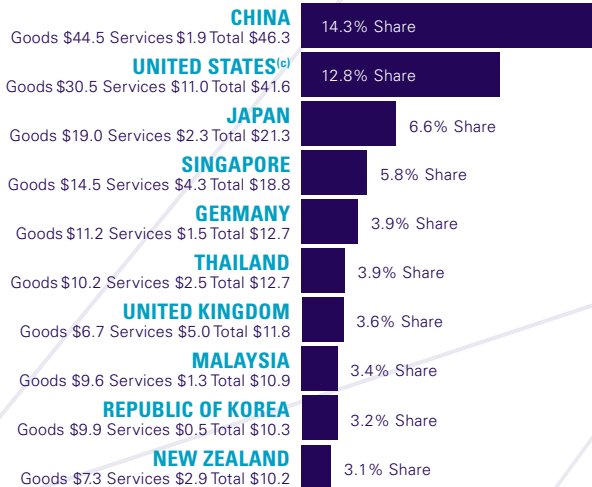
How we compare to the rest of the world 2012 (US\$ billion)

RANK	COUNTRY	GOODS <sup>(a)</sup>	SERVICES <sup>(b)</sup>	TOTAL IMPORTS	% SHARE
1	United States	2,336	442	2,777	12.1
2	China	1,818	281	2,100	9.2
3	Germany	1,167	295	1,462	6.4
4	Japan	886	177	1,062	4.6
5	United Kingdom	690	180	870	3.8
6	France	674	173	846	3.7
7	Netherlands	591	120	711	3.1
8	Republic of Korea	520	108	628	2.7
9	India	490	128	618	2.7
10	Hong Kong <sup>(c)</sup>	553	57	611	2.7
11	Italy	487	107	593	2.6
12	Canada	475	106	581	2.5
13	Belgium	437	92	530	2.3
14	Singapore	380	118	498	2.2
15	Russian Federation	335	106	442	1.9
16	Spain	335	90	424	1.9
17	Mexico	380	29	410	1.8
18	Australia	270	65	335	1.5
19	Brazil	233	81	314	1.4
20	Taiwan	270	43	313	1.4
21	Thailand	248	53	300	1.3
22	United Arab Emirates	230	64	294	1.3
23	Turkey	237	21	257	1.1
24	Switzerland	198	47	245	1.1
25	Malaysia	197	42	239	1.0
26	Saudi Arabia	156	73	229	1.0
27	Poland	196	32	228	1.0
28	Indonesia	190	34	224	1.0
29	Austria	178	43	221	1.0
30	Sweden	163	55	218	1.0
<b>TOTAL IMPORTS</b>		<b>18,601</b>	<b>4,274</b>	<b>22,875</b>	

(a) Goods on recorded trade basis. (b) Services on balance of payments basis. (c) Special Administrative Region of China. **Source: WTO online database.**

# AUSTRALIA'S TOP 10 IMPORT SOURCES 2012<sup>(a)(b)</sup>

(\$ billion)



## TOTAL IMPORTS

**Goods \$261.0 Services \$62.4 Total \$323.4 of which:**

**APEC<sup>(c)</sup>** Goods \$171.9 Services \$34.5 63.8% Share **ASEAN10** Goods \$45.4 Services \$12.0 17.7% Share **EU28** Goods \$42.7 Services \$13.5 17.4% Share **OECD<sup>(c)</sup>** Goods \$119.0 Services \$33.3 47.1% Share

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis. (b) Excludes imports of aircraft (excl the United States - see footnote (c)). This has a significant impact on import totals for France (EU28). (c) Includes confidential aircraft imports for the US only. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.55.004.**

# TOP 10 TWO-WAY TRADING PARTNERS

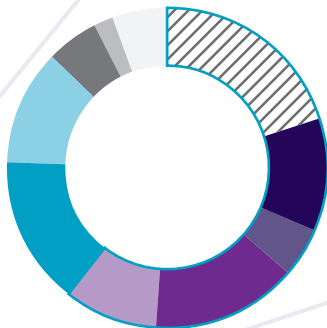
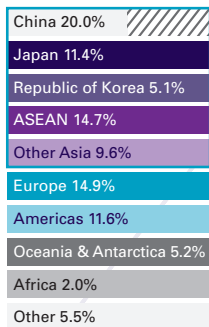
2012<sup>(a)(b)</sup>

(\$ billion)

RANK	COUNTRY	GOODS	SERVICES	TOTAL	% SHARE
1	China	117.4	7.6	125.1	20.0
2	Japan	66.8	4.2	71.1	11.4
3	United States <sup>(c)</sup>	39.9	16.3	56.2	9.0
4	Republic of Korea	29.7	2.2	31.9	5.1
5	Singapore	21.6	7.5	29.1	4.7
6	United Kingdom	13.4	8.9	22.3	3.6
7	New Zealand	14.7	6.6	21.2	3.4
8	Thailand	15.1	3.4	18.4	3.0
9	Malaysia	14.7	2.9	17.7	2.8
10	India	14.8	2.7	17.5	2.8
<b>TOTAL TOP 10 TRADING PARTNERS</b>		<b>348.1</b>	<b>62.3</b>	<b>410.4</b>	<b>65.8</b>
<b>TOTAL TWO-WAY TRADE</b>		<b>510.2</b>	<b>113.6</b>	<b>623.8</b>	<b>100.0</b>
of which:	APEC <sup>(c)</sup>	372.1	65.6	437.8	70.2
	ASEAN10	71.1	20.5	91.7	14.7
	EU28 <sup>(b)</sup>	59.7	21.9	81.6	13.1
	OECD <sup>(c)</sup>	224.9	56.4	281.3	45.1

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis. (b) Excludes imports of aircraft (excl the United States - see footnote (c)). This has a significant impact on import totals for France (EU28). (c) Includes confidential aircraft imports for the US only. **Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.05.004 and ABS unpublished data.**

## TOTAL TWO-WAY TRADE BY REGION 2012



Asia Total 60.8%

# THE AUSTRALIAN ECONOMY

In 2012 the Australian economy experienced:

- > 3.7% GDP growth; and
- > an average unemployment rate of 5.2%.

In comparison, OECD (Organization for Economic Development) counterparts recorded:

- > 1.4% GDP growth; and
- > an average unemployment rate of 8.0%

In 2012 Australia was one of only eight countries to have a AAA credit rating and a stable outlook from all three major international ratings agencies.

Underpinning Australia's strong economy is its open and transparent trade and investment environment, business-friendly regulatory approach and its trade and economic links with emerging economies, particularly in Asia.



# KEY ECONOMIC INDICATORS AUSTRALIA

		2002	2010	2011	2012
<b>DEMAND AND PRODUCTION - CHAIN VOLUME MEASURES, REFERENCE YEAR 2010-11</b>					
Gross domestic product <sup>(a)</sup>	% change	3.9	2.6	2.4	3.7
Exports of goods & services <sup>(a)</sup>	% change	0.6	5.3	-0.8	6.3
Imports of goods & services <sup>(a)</sup>	% change	11.1	14.4	10.5	6.3
<b>LABOUR FORCE</b>					
Population <sup>(b)</sup>	'000	19,605	22,172	22,520	22,918
Labour force <sup>(c)</sup>	'000	9,901	11,806	12,004	12,150
Employed persons <sup>(c)</sup>	'000	9,271	11,189	11,393	11,514
> Annual growth	%	2.0	2.2	1.8	1.1
Unemployment rate <sup>(c)</sup>	%	6.4	5.2	5.1	5.2
<b>PRICES AND INTEREST RATES</b>					
Consumer prices	% change	2.9	2.8	3.0	2.2
Interest rates - 90 day bills <sup>(c)</sup>	% pa	4.7	4.7	4.8	3.7

(a) Derived from annual movements in original data. (b) At end of period. (c) Annual average.

**Based on ABS and Reserve Bank, various catalogues.**

# AUSTRALIA'S INDUSTRY STRUCTURE 2012

	GROSS VALUE ADDED <sup>(a)</sup>		EMPLOYED PERSONS <sup>(b)</sup>	
	\$M	% SHARE <sup>(c)</sup>	'000	% SHARE
Agriculture, forestry & fishing	32,219	2.3	333.5	2.9
Mining	145,398	10.6	266.4	2.3
Manufacturing	105,773	7.7	965.5	8.4
Services	976,983	71.2	9,915.6	86.1
Electricity, gas, water & waste	33,435	2.4	152.1	1.3
Construction	108,877	7.9	1,000.8	8.7
Wholesale trade	65,598	4.8	411.9	3.6
Retail trade	64,343	4.7	1,214.8	10.5
Accommodation & food services	33,507	2.4	769.6	6.7
Transport, postal & warehousing	72,379	5.3	563.5	4.9
Information, media & telecommunications	40,708	3.0	228.6	2.0
Finance & insurance	140,307	10.2	423.8	3.7
Rental, hiring & real estate	30,605	2.2	211.0	1.8
Professional, scientific & technical	94,765	6.9	910.5	7.9
Administrative & support	34,880	2.5	399.2	3.5
Public administration & safety	71,571	5.2	708.1	6.1
Education & training	61,281	4.5	889.0	7.7
Health care & social assistance	88,090	6.4	1,362.1	11.8
Arts & recreation	11,622	0.8	211.6	1.8
Other services	25,015	1.8	459.0	4.0
Ownership of dwellings	111,490	8.1		
<b>Gross value added at basic prices<sup>(d)</sup></b>	<b>1,371,860</b>	<b>100.0</b>		
Taxes less subsidies on products	94,031			
Statistical discrepancy <sup>(e)</sup>	9,315			
<b>TOTAL<sup>(d)</sup></b>	<b>1,475,209</b>		<b>11,515</b>	<b>100.0</b>

(a) The term is used to describe gross product by industry and by sector (Chain Volume Measures reference year 2010-11). Industry breakdown based on ANZSIC 2006. (b) Derived from seasonally adjusted data on an annual average. (c) As a share of GDP at basic prices. (d) Basic prices are amounts received by producers, including the value of any subsidies on products, but before any taxes on products. GDP at purchasers' (market) prices is derived by adding taxes less subsidies on products to gross value added at basic prices. (e) Production approach. **Based on ABS catalogues 5206.0, 6202.0 and 6203.0.**



## INVESTMENT

The government is working to secure improved conditions for Australian investors and their investments in other economies. This includes promoting a more predictable and transparent environment for investments and regulatory arrangements that are more conducive to the cross-border flow of investment.

### AUSTRALIAN INVESTMENT ABROAD 2012<sup>(a)</sup>

(\$ million)

RANK <sup>(b)</sup>	COUNTRY	LEVEL OF DIRECT INVESTMENT ABROAD	TOTAL AUSTRALIAN INVESTMENT ABROAD <sup>(c)</sup>
1	United States	103,383	433,980
2	United Kingdom	56,232	217,876
3	New Zealand	44,346	77,465
4	Germany	np <sup>(d)</sup>	48,871
5	Canada	np <sup>(d)</sup>	42,744
6	Japan	226	39,103
7	France	972	29,747
8	Netherlands	6,031	27,798
9	Switzerland	np <sup>(d)</sup>	27,483
10	Singapore	10,828	26,661
<b>TOTAL ALL COUNTRIES</b>		<b>370,803</b>	<b>1,297,633</b>
of which: APEC		229,076	735,983
ASEAN10		24,041	53,463
EU27		79,743	391,898
OECD		265,058	1,014,227

(a) Australian investment abroad: level of investment (stocks) as at 31 December 2012, by selected country and country group (b) Ranked on total Australian investment abroad.

(c) Includes portfolio investment. (d) Not published **Source: ABS catalogue 5352.0.**

# FOREIGN INVESTMENT IN AUSTRALIA 2012<sup>(a)</sup>

(\$ million)

RANK <sup>(b)</sup>	COUNTRY	LEVEL OF DIRECT INVESTMENT IN AUSTRALIA	LEVEL OF TOTAL INVESTMENT IN AUSTRALIA <sup>(c)</sup>
1	United States	131,255	617,567
2	United Kingdom	79,417	496,389
3	Japan	61,202	126,434
4	Singapore	23,823	55,938
5	Switzerland	22,527	49,234
6	Hong Kong (SAR of China)	7,282	42,104
7	Netherlands	32,268	36,761
8	Canada	21,233	31,822
9	New Zealand	4,285	28,040
10	Luxembourg	4,265	26,289
<b>TOTAL ALL COUNTRIES</b>		<b>549,626</b>	<b>2,167,673</b>
of which: APEC		276,357	970,649
ASEAN10		32,539	80,209
EU27		155,528	646,765
OECD		398,253	1,502,406

(a) Foreign investment in Australia: level of investment (stocks) as at 31 December 2012, by selected country and country group. (b) Ranked on level of total investment in Australia. (c) Includes portfolio investment. **Source: ABS catalogue 5352.0.**

# GLOBAL VALUE CHAINS

The Boeing 787 Dreamliner is assembled in the United States from components built around the world. The centre fuselage is from Italy, the mid-forward fuselage is from Japan, the Rolls Royce engines are from the UK and a vital wing component - the moveable trailing edge - is designed and produced in Melbourne at Boeing Aerostructures Australia. Bringing all these parts together to build a Dreamliner is an example of a global value chain (GVC) in action.

A 'value chain' is the full range of activities involved in designing, producing and delivering a good or service. The nature of trade is changing, with value chains becoming 'global' and crossing more borders than ever. The Organisation for Economic Co-operation and Development (OECD) estimates that more than half of the value of world exports is attributable to trade within GVCs.

Value chains have become 'global' for a number of reasons, including:

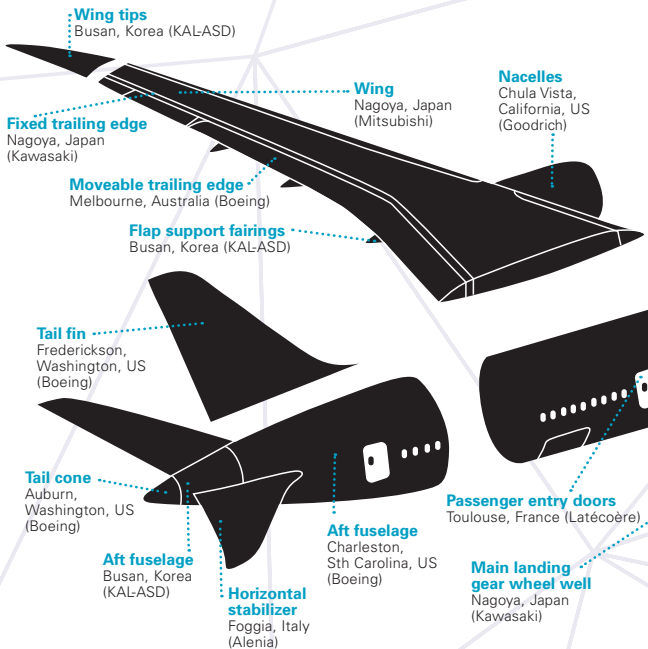
- > increasing information and communication technology capabilities;
- > changing production costs (e.g. Asia's manufacturing cost advantage);
- > lower trade and transport costs and improved international logistics;
- > fewer barriers to trade (e.g. tariff and quota reduction).

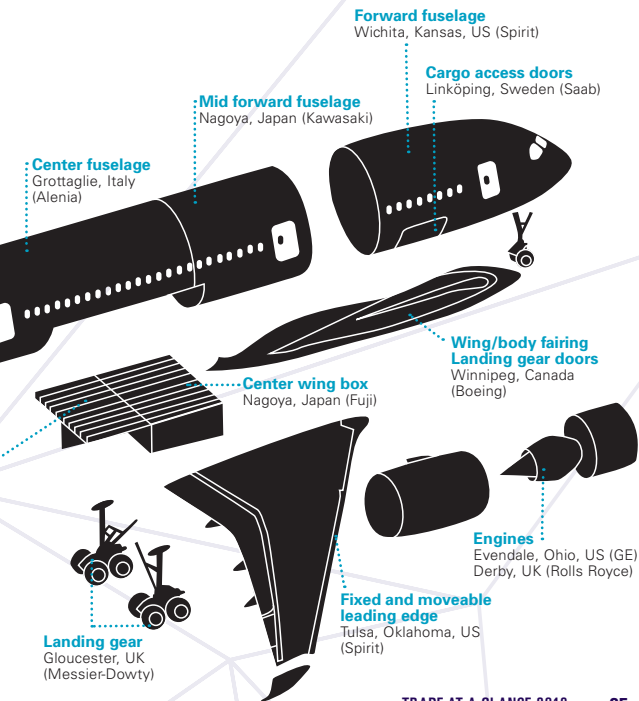
## THE IMPORTANCE OF GVCS IN TRADE TODAY

The growing importance of GVCs has further increased the incentive for countries to cut barriers to trade. Many industries now source inputs to production from every corner of the globe as part of GVCs. This means that tariffs and import restrictions decrease the competitiveness of a country's local industries, as they make imported inputs more expensive.

Active involvement in GVCs brings great benefits to Australia, as seen in the example of the Boeing 787 Dreamliner. This is Australia's largest aerospace contract to date, worth approximately \$4bn over 20 years.

# PARTNERS ACROSS THE GLOBE ARE BRINGING THE 787 TOGETHER





# AUSTRALIA AND THE WTO

As a founding member of both the World Trade Organization (WTO) in 1995 and its predecessor, the General Agreement on Tariffs and Trade in 1947, Australia has a longstanding commitment to the multilateral trading system operated by the WTO. This system provides the framework governing world trade. Members agree on legally binding rules that provide important certainty for their exporters. Members can use the WTO's dispute settlement system to uphold these rules.

Australia also works actively to maintain these rules through participation in WTO committees. The committees provide the opportunity to discuss trade issues amongst WTO members. They also enhance transparency by requiring WTO members to notify them of measures they intend introducing that could affect trade.

Australia is committed to opening markets through multilateral trade negotiations in the WTO. Through such negotiations Australia seeks market access for Australian exports across various negotiating sectors, including agriculture, industrial goods and services.

## TRADE FACILITATION

Australia is working towards the early conclusion of an ambitious WTO trade facilitation agreement. Trade facilitation negotiations are directed at expediting the movement, release and clearance of goods, including goods in transit.

Studies by the OECD, World Bank and European Union have shown there would be significant gains to world trade from a trade facilitation agreement. It has been estimated that the successful conclusion of a Trade Facilitation agreement could add up to USD 67 billion to global GDP.

## AGRICULTURAL TRADE

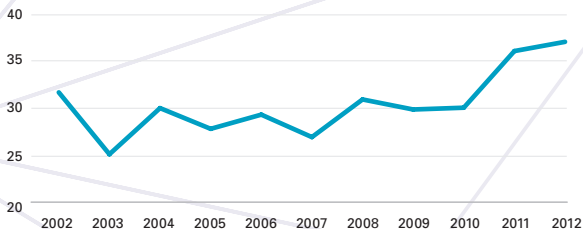
Around two-thirds of Australian agricultural production is exported. As part of efforts to reduce distortions in global agricultural trade and improve market access for Australian exports, Australia is committed to agricultural trade reform in the WTO.

Australia is chair of the WTO Cairns Group coalition of 19 agricultural exporting countries. The Cairns Group brings together a diverse range of developed and developing countries from Latin America, Africa and the Asia-Pacific region, and has been an influential voice in the agricultural reform debate since its formation in 1986.

### MEMBERS OF THE CAIRNS GROUP

Argentina	Chile	Malaysia	The Philippines
Australia	Colombia	New Zealand	South Africa
Bolivia	Costa Rica	Pakistan	Thailand
Brazil	Guatemala	Paraguay	Uruguay
Canada	Indonesia	Peru	

### AGRICULTURE, FISHERIES & FORESTRY EXPORTS (\$ billion)



Based on ABS trade data on DFAT STARS database.

# AUSTRALIA'S TOP AGRICULTURE, FISHERIES & FORESTRY EXPORTS<sup>(a)</sup> 2012

RANK	COMMODITY <sup>(b)(c)</sup>	\$ MILLION	% SHARE
1	Wheat	6,531	17.6
2	Beef	4,754	12.8
3	Cotton	2,626	7.1
4	Wool & other animal hair (incl tops)	2,524	6.8
5	Meat (excl beef)	2,370	6.4
6	Wine	1,891	5.1
7	Oil-seeds & oleaginous fruits, soft	1,780	4.8
8	Barley	1,317	3.5
9	Animal feed	1,301	3.5
10	Vegetables	1,249	3.4
11	Milk, cream, whey & yoghurt	1,234	3.3
12	Live animals (excl seafood)	1,050	2.8
13	Hides & skins, raw (excl furskins)	819	2.2
14	Edible products & preparations	810	2.2
15	Cheese & curd	740	2.0
16	Fruit & nuts	670	1.8
17	Wood in chips or particles	666	1.8
18	Cereal preparations	664	1.8
19	Crustaceans	632	1.7
20	Rice	343	0.9
<b>TOTAL AGRICULTURE, FISHERIES &amp; FORESTRY EXPORTS</b>		<b>37,158</b>	<b>100.0</b>

(a) Based on the WTO definition of agriculture, fisheries & forestry, which includes alcoholic beverages but excludes confidential raw sugar in bulk. Data for confidential raw sugar in bulk are released with a six-month lag. In 2012, raw sugar in bulk exports totalled \$1.2 billion.

(b) Recorded trade basis. (c) Excludes confidential items of trade.

**Based on ABS trade data on DFAT STARS database.**



## NON-AGRICULTURAL TRADE

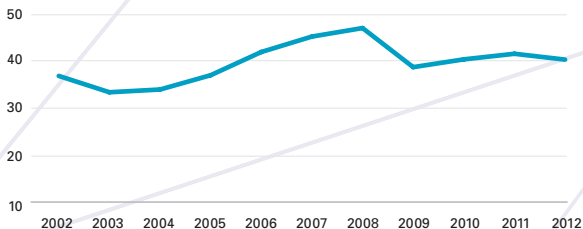
Non-agricultural trade (which includes industrial, forestry and seafood products) accounts for around 90 per cent of global trade in goods.

Australia is actively involved in relevant WTO committees, such as the Technical Barriers to Trade Committee and the Import Licensing Committee, to address non-tariff barriers to trade in non-agricultural goods.

Australia is playing a leadership role in concluding negotiations to expand the product coverage and membership of the WTO Information Technology Agreement, in order to build on the contribution this agreement has made to promoting trade and investment and driving innovation.

### AUSTRALIA'S MANUFACTURES EXPORTS

(\$ billion)



Based on ABS catalogue 5368.0.

# AUSTRALIA'S TOP MANUFACTURES EXPORTS 2012

RANK	COMMODITY <sup>(a)</sup> (b)	\$ MILLION	% SHARE
1	Aluminium	4,657	11.5
2	Copper	3,861	9.6
3	Medicaments (incl veterinary)	3,278	8.1
4	Passenger motor vehicles	1,352	3.3
5	Aircraft, spacecraft & parts	1,099	2.7
6	Measuring & analysing instruments	993	2.5
7	Zinc	968	2.4
8	Lead	929	2.3
9	Medical instruments (incl veterinary)	908	2.2
10	Telecom equipment & parts	892	2.2
11	Civil engineering equipment & parts	858	2.1
12	Specialised machinery & parts	812	2.0
13	Uncoated flat-rolled iron & steel	775	1.9
14	Pigments, paints & varnishes	757	1.9
15	Vehicle parts & accessories	732	1.8
16	Paper & paperboard	685	1.7
17	Nickel	646	1.6
18	Jewellery	615	1.5
19	Miscellaneous manufactured articles	613	1.5
20	Computer parts & accessories	608	1.5
<b>TOTAL MANUFACTURES EXPORTS<sup>(c)</sup></b>		<b>40,398</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Excludes confidential items of trade.

(c) Total manufactures exports on a balance of payments basis.

**Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.**

# AUSTRALIA'S TOP MINERALS AND FUELS EXPORTS 2012

RANK	COMMODITY <sup>(a)(b)</sup>	\$ MILLION	% SHARE
1	Iron ores & concentrates	54,447	37.4
2	Coal	41,273	28.4
3	Natural gas	13,416	9.2
4	Crude petroleum	10,988	7.5
5	Aluminium ores & concentrates (incl alumina)	5,273	3.6
6	Copper ores & concentrates	5,255	3.6
7	Refined petroleum	3,271	2.2
8	Nickel ores & concentrates	1,478	1.0
9	Zinc ores & concentrates	1,323	0.9
10	Precious metal ores & concentrates (excl gold)	1,239	0.9
11	Manganese ores & concentrates	1,204	0.8
12	Lead ores & concentrates	1,192	0.8
13	Liquefied propane & butane	1,076	0.7
14	Non-ferrous waste & scrap	1,024	0.7
15	Ferrous waste & scrap	962	0.7
16	Coke & semi-coke	292	0.2
17	Crude minerals	252	0.2
18	Molybdenum, niobium etc ores & concentrates	233	0.2
19	Other non-ferrous base metals ores & concentrates	155	0.1
20	Tin ores & concentrates	110	0.1
<b>TOTAL MINERALS &amp; FUELS EXPORTS<sup>(c)</sup></b>		<b>145,583</b>	<b>100.0</b>

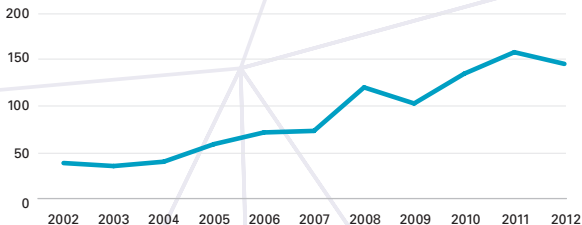
(a) Recorded trade basis. (b) Excludes confidential items of trade.

(c) Total minerals and fuels exports on a balance of payments basis.

**Based on ABS trade data on DFAT STARS database and ABS catalogue 5368.0.**

## AUSTRALIA'S MINERALS AND FUELS EXPORTS

(\$ billion)



Based on ABS catalogue 5368.0.

## SERVICES TRADE

Australia is jointly leading negotiations in Geneva on a Trade in Services Agreement. The agreement is between a subset of WTO Members, currently including 23 parties which collectively account for around two-thirds of global services trade. Australia is also seeking to expand market access for our services exports through free trade agreements. Australia continues to look for ways to broaden existing liberalisation efforts and build on those efforts in a multilateral setting.

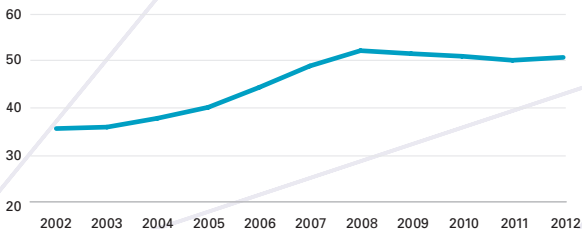
In particular, Australia is aiming to reduce foreign equity limitations on overseas investments, reduce requirements for services to be supplied through a commercial presence or specific forms of legal entity or joint venture, limit restrictions on international transfers and payments, improve regulatory transparency, and make it easier for business people to pursue opportunities in foreign markets through improved business mobility.

Priority sectors include financial services, legal and professional services, education, telecommunications, mining-related services and environmental services.

Australia is also active in promoting regulatory reform and services market access through APEC. In 2012, Australia led efforts to facilitate services trade through the APEC Accounting Services Initiative. Australia also sponsored the APEC Services Trade Access Requirements (STAR) Database. This business-friendly online resource has become a vital tool for services exporters in Australia and across the APEC region.

## AUSTRALIA'S SERVICES EXPORTS

(\$ billion)



Based on ABS catalogue 5368.0.

# INTELLECTUAL PROPERTY

Australia is a trading nation with a strong research tradition and a need for access to new technologies. Trade in royalties for intellectual property for Australia in 2012 was \$1.1 billion (exports) and \$5.4 billion (imports). Australia supports international arrangements for the protection and use of intellectual property.



# FREE TRADE AGREEMENTS (FTAS)

## AUSTRALIA HAS CONCLUDED SEVEN BILATERAL AND REGIONAL TRADE AGREEMENTS:

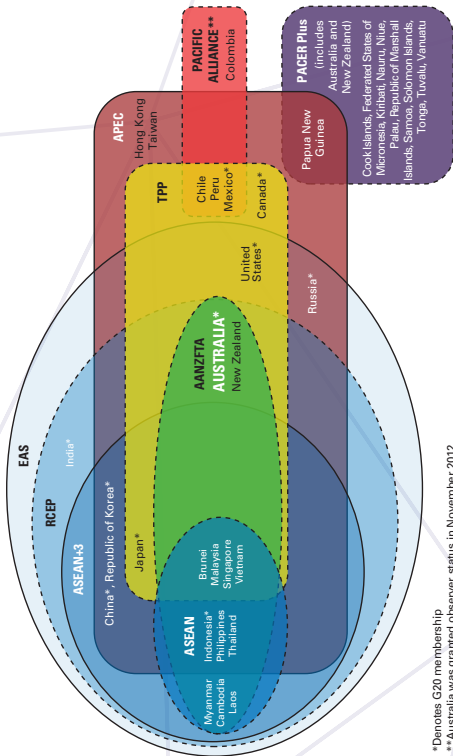
- > Malaysia-Australia Free Trade Agreement (MAFTA) 2013
- > ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) 2010
- > Australia-Chile Free Trade Agreement (ACIFTA) 2009
- > Australia-United States Free Trade Agreement (AUSFTA) 2005
- > Thailand-Australia Free Trade Agreement (TAFTA) 2005
- > Singapore-Australia Free Trade Agreement (SAFTA) 2003
- > Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) 1983

## AUSTRALIA IS UNDERTAKING FTA NEGOTIATIONS WITH:

- > China
- > The Gulf Cooperation Council (Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, United Arab Emirates)
- > India
- > Indonesia
- > Japan
- > Republic of Korea
- > Trans-Pacific Partnership members (Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, USA, Vietnam)
- > Regional Comprehensive Economic Partnership members (ASEAN, China, India, Japan, Republic of Korea and New Zealand)
- > Pacific Agreement on Closer Economic Relations members (Cook Islands, Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu)

For more information on Australia's FTAs visit: [www.fta.gov.au](http://www.fta.gov.au)

## AUSTRALIA'S PARTICIPATION IN REGIONAL ECONOMIC ARCHITECTURE



\*Denotes G20 membership

\*\*Australia was granted observer status in November 2012

- - - Denotes trade agreement/negotiation — Denotes regional grouping

July 2013



This Venn diagram uses a series of overlapping and intersecting circles to demonstrate the relationships and overlapping memberships of the various East Asian and Asia-Pacific regional groupings. This diagram does not show Australia's bilateral Free Trade Agreements.

<b>ASEAN</b>	ASEAN (the Association of Southeast Asian Nations) was established in 1967 to accelerate economic growth and social progress in South-East Asia and to promote regional peace and stability. The ten ASEAN Member States are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.
<b>AANZFTA</b>	The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) is a comprehensive FTA between the 10 ASEAN Member States, Australia and New Zealand. The agreement entered into force in 2010.
<b>ASEAN+3</b>	ASEAN+3 (ASEAN Plus Three) is a forum that functions as a coordinator of cooperation between ASEAN and China, Japan and the Republic of Korea. The first ASEAN+3 Leaders' meeting was held in 1997.
<b>RCEP</b>	Regional Comprehensive Economic Partnership (RCEP) negotiations involve the ten ASEAN Member States and ASEAN's six FTA partners – Australia, China, India, Japan, Republic of Korea and New Zealand. The RCEP negotiations were launched by Leaders on 20 November 2012.
<b>EAS</b>	The East Asia Summit (EAS) is a regional leaders' forum for strategic dialogue and cooperation on key challenges facing the East Asian region. Membership of the EAS comprises the ten ASEAN Member States, Australia, China, India, Japan, the Republic of Korea, New Zealand, the United States and Russia.
<b>TPP</b>	The Trans-Pacific Partnership Agreement (TPP) negotiations are building on the Trans-Pacific Strategic Economic Partnership Agreement (P4) between Brunei Darussalam, Chile, New Zealand and Singapore, which entered into force in 2006. TPP negotiations commenced in March 2010, and now include the P4 Parties and Australia, Canada, Japan, Malaysia, Mexico, Peru, the United States and Vietnam.
<b>APEC</b>	The Asia-Pacific Economic Cooperation (APEC) forum was established in 1989. Its primary purpose is to facilitate economic growth and prosperity in the region. APEC currently encompasses 21 member economies.
<b>PACER PLUS</b>	The Pacific Agreement on Closer Economic Relations (PACER) Plus negotiations were launched by Pacific Islands Forum Leaders in mid-2009.
<b>PACIFIC ALLIANCE</b>	The Pacific Alliance was formed in 2011, and aims to deepen integration between Peru, Chile, Mexico and Colombia, including in the free movement of goods, services, capital and people. Australia was granted observer status to the group in November 2012.
<b>G20</b>	The Group of Twenty (G20) is the premier forum for international economic cooperation and decision-making, with members from 19 countries plus the European Union.

# AUSTRALIA AND THE G20

Australia is a founding member of the Group of Twenty (G20), a key forum for international economic cooperation. The G20 consists of 19 countries and the European Union, representing around 85 per cent of global GDP, more than 75 per cent of global trade and almost two-thirds of the world's population.

The G20 played a key role in responding to the GFC of 2008-2009. The decisive and coordinated actions of the G20 boosted consumer and business confidence and supported the first stages of economic recovery. The G20 continues to focus on measures to support global economic growth, with a strong emphasis on promoting job creation and open trade.

Australia takes over the presidency of the G20 on 1 December 2013 from Russia, and Turkey will succeed Australia in 2015. The G20 leader's summit in 2014 will be held on 15 and 16 November in Brisbane, Queensland. Hosting the G20 in 2014 gives Australia a valuable opportunity to influence the economic policies of the major economies of the world and contribute to a healthy global economy.

## G20 MEMBERS

Argentina	European Union	Italy	Saudi Arabia
Australia	France	Japan	South Africa
Brazil	Germany	Mexico	Turkey
Canada	India	Republic of Korea	United Kingdom
China	Indonesia	Russian Federation	United States

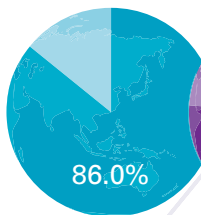
G20 Australia 2014 Facebook page: [www.facebook.com/G20Australia2014](http://www.facebook.com/G20Australia2014)

Official G20 website: [www.g20.org](http://www.g20.org)

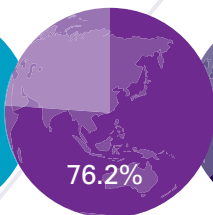
For more information see:  
[www.dfat.gov.au/trade/g20/](http://www.dfat.gov.au/trade/g20/),  
[www.dpmc.gov.au/g20/index.cfm](http://www.dpmc.gov.au/g20/index.cfm)

# G20 IN THE WORLD

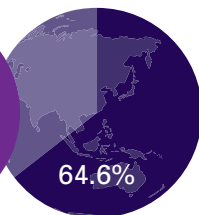
% Share



Global GDP



World trade



World population



## TRADE WITH OUR REGION: APEC

As the leading economic forum in the Asia-Pacific, APEC has delivered substantial gains for businesses and consumers alike in Australia and throughout the region. APEC is pursuing an ambitious agenda of trade liberalisation, business facilitation, economic cooperation and technical assistance. The private sector engages closely with the APEC process, particularly through the APEC Business Advisory Council.

Indonesia is the current APEC host, with China to take over the role in 2014 and the Philippines in 2015.

- > APEC's goal is to achieve free and open trade and investment in the region by 2020.
- > Since 1989, average applied tariffs in the APEC region have fallen from 16.9 to 5.8 per cent.
- > Eight of Australia's 10 largest export markets are within APEC, including our top three export markets — China, Japan and Korea.
- > APEC has 21 member economies which account for 47 per cent of world trade and 71 per cent of Australia's total trade.

### MEMBERS OF APEC

Australia	Japan	The Philippines
Brunei Darussalam	Republic of Korea	Russian Federation
Canada	Malaysia	Singapore
Chile	Mexico	Chinese Taipei
People's Republic of China	New Zealand	Thailand
Hong Kong, China	Papua New Guinea	United States
Indonesia	Peru	Vietnam

For more information on APEC: [www.apec.org](http://www.apec.org)

# FOREIGN INVESTMENT

Foreign investment has allowed Australians to enjoy higher rates of economic growth, employment and living standards than could have been achieved from domestic savings alone.

This is because it:

- > supplements scarce domestic savings – due to Australia's small population relative to investment opportunities, foreign investment has provided access to needed capital;
- > allows access to new technologies – foreign companies often transfer technology to Australia when they invest, making us more internationally competitive;
- > creates new businesses and employment – foreign companies setting up subsidiaries in Australia create jobs, leading to economic growth;
- > provides revenue to the government – profits of foreign-owned companies are taxed, spreading the benefits of these investments to all Australians; and
- > helps drive productivity growth – it increases the level of competition in the market.

A number of studies have examined the impact of foreign investment. In 2010 a study by Access Economics found that a 10 per cent increase in foreign investment in Australia would lead to a more than one per cent increase in GDP by 2020. An OECD study found that increasing foreign investment as a share of GDP is significantly and positively associated with productivity growth.





# DFAT HAS A NETWORK OF OFFICES AROUND THE COUNTRY

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Sydney, New South Wales

02 9356 6222

Inquiries regarding the statistics presented in the booklet are welcome at [statssection@dfat.gov.au](mailto:statssection@dfat.gov.au)

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