

ISSN 1839-1834 (Print) ISSN 1839-1842 (Online) ISBN 978-1-74322-367-3 (PDF document) ISBN 978-1-74322-368-0 (Web page)

### **CREATIVE COMMONS**



With the exception of the Commonwealth Coat of Arms and where otherwise noted, this publication is licensed under a Creative Commons Attribution 3.0 Australia licence.

http://creativecommons.org/licenses/by/3.0/au/

The publication should be attributed as Trade & Investment at a Glance 2016.

### **USE OF THE COAT OF ARMS**

The terms under which the Coat of Arms can be used are detailed on the It's an Honour website: <a href="https://www.itsanhonour.gov.au/coat-arms/">www.itsanhonour.gov.au/coat-arms/</a>

### **DATA**

Unless otherwise specified, all data is for calendar year 2015, released by the Australian Bureau of Statistics in June 2016.

### **CURRENCY**

Unless otherwise specified, all amounts are in Australian dollars.

### **ENOUIRIES**

Enquiries regarding the licence and use of this booklet are welcome in writing to:

Assistant Secretary
Investment, Trade Finance and Business Liaison Branch
Department of Foreign Affairs and Trade
R. G. Casey Building
John McEwen Crescent
Barton ACT 0221 Australia

Phone: +61 2 6261 1111

# CONTENTS

Minister's Foreword	2
The Australian Economy	3
Profile of Australia's Trade 2015	8
Australia's Exports 2015	11
Minerals and Fuels	16
Services	18
Manufactures	22
Agriculture	24
Australia's Imports 2015	26
Australia's Foreign Investment 2015	31
Foreign Direct Investment	35
Australian Direct Investment Abroad	39
Australia's Trade and Investment Framework Economic Diplomacy Free Trade Agreements Global Value Chains (GVCs) Trade Facilitation Tourism Trade with Aid Partners Market Access for Least Developed Countries	42 42 45 48 48 48
International Trade and Investment Architecture WTO G20 ADDG	<b>49</b> 49 50

### MINISTER'S FOREWORD

Trade and Investment at a Glance 2016 provides a summary of Australia's trade, tourism and investment performance in 2015.

In 2015, Australia succeeded in breaking its two-way trade record to exceed \$668 billion, up from \$662 billion in 2014, despite sluggish world economic growth. In 2015, Australia's attractiveness as an investment destination grew, with the stock of foreign direct investment increasing by over seven per cent to \$735 billion. These statistics and others in this publication demonstrate that trade and investment have contributed significantly to Australia's record-breaking 26 years of continuous economic growth.

Australia's future prosperity will continue to be tied to how well we maximise the benefits gained from international trade and investment opportunities. Australia will continue to rely on inward investment and overseas markets, particularly in Asia, to keep our standards of living high.

Our free trade agreements are a key element of the Coalition
Government's economic plan for sustained growth. With entry-intoforce of the free trade agreement (FTA) with China in 2015, Australia

now has ten FTAs. The Coalition Government's ambitious

international trade and investment agenda includes negotiation of new FTAs with a range of countries which will create more commercial opportunities

which will create more commercial opportunities for Australian businesses and lead to more jobs at home.

I, and the Coalition Government, are focused on achieving a stronger, safer and more prosperous Australia as our nation continues to transition from the post-mining investment boom to a more diversified and resilient economic base.

#### THE AUSTRALIAN ECONOMY

In 2015, the Australian economy entered its 25th year of continuous economic growth whilst retaining its AAA credit rating. This success story is unmatched amongst major developed countries, including the 35 members of the Organisation for Economic Cooperation and Development. Australia is forecast to record the highest growth of all major advanced economies over 2016-2020.

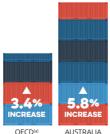
# GDP GROWTH

# BUSINESS CONFIDENCE





# **EXPORT VOLUMES**



(a) OECD country average

### Australia's Key Economic Indicators 2005 and 2013 to 2015

		2005	2013	2014	2015		
Chain volume measures, reference year 2013-14							
Gross domestic product <sup>(a)</sup>	% change	3.2	2.0	2.7	2.4		
Exports of goods & services <sup>(a)</sup>	% change	3.0	5.9	6.7	5.8		
Imports of goods & services <sup>(a)</sup>	% change	8.8	-1.8	-1.7	1.5		
Labour force							
Population <sup>(b)</sup>	'000	20,312	23,286	23,614	23,940		
Labour force <sup>(c)</sup>	'000	10,399	12,136	12,268	12,505		
Employed persons <sup>(c)</sup>	'000	9,876	11,450	11,525	11,745		
- Annual growth	%	3.4	0.9	0.7	1.9		
Unemployment rate <sup>(c)</sup>	%	5.0	5.7	6.1	6.1		
Prices and interest rates							
Consumer prices	% change	2.8	2.7	1.7	1.7		
Interest rates - 90 day bills(c)	% pa	5.6	2.8	2.7	2.3		

<sup>(</sup>a) Derived from annual movements in original data.

<sup>(</sup>b) At end of period.

<sup>(</sup>c) Derived from seasonally adjusted data on an annual average.

Based on ABS and Reserve Bank, various catalogues.



Australia has entered its 26th year of annual economic growth – (2015–16)

ALISTRALIAN BURFALLOF STATISTICS

Australia is the 3rd wealthiest nation in terms of wealth per adult after Switzerland and New Zealand – (2015)



GLOBAL WEALTH REPORT, CREDIT SUISSE



The Australian dollar is the 5th most traded currency – (2016)

BANK FOR INTERNATIONAL SETTLEMENTS

Australia has the world's 6th largest pool of investment funds under management (US\$1.597 trillion). However, within Asia, Australia is ranked 1st – (2015-16)



INVESTMENT COMPANY INSTITUTE



Australia is estimated to have the world's 13th highest GDP overall and 10th highest GDP per capita (in US dollar terms) – (2016)

INTERNATIONAL MONETARY FUND

The Australian Stock Exchange is the world's 9th largest (by domestic market capitalisation) – (2016)

S&P GLOBAL BROAD MARKET INDEX

# Australia's Industry Structure 2015

Economic Sector	Gross value added(a)		Employed	persons <sup>(b)</sup>
	A\$m	% share <sup>(c)</sup>	'000	% share
Agriculture, forestry & fishing	35,112	2.3	308.2	2.6
Mining	142,181	9.2	225.6	1.9
Manufacturing	99,076	6.4	886.5	7.5
Services	1,120,149	72.8	10,351.9	88.1
Electricity, gas, water & waste	44,401	2.9	139.1	1.2
Construction	127,644	8.3	1,039.0	8.8
Wholesale trade	66,565	4.3	392.8	3.3
Retail trade	73,198	4.8	1,238.5	10.5
Accommodation & food services	39,008	2.5	825.9	7.0
Transport, postal & warehousing	74,944	4.9	604.7	5.1
Information, media & telecommunications	49,061	3.2	212.0	1.8
Finance & insurance	144,237	9.4	420.0	3.6
Rental, hiring & real estate	47,273	3.1	212.7	1.8
Professional, scientific & technical	96,102	6.2	1,003.6	8.5

#### Australia's Industry Structure 2015 (continued)

Economic Sector	Gross value added(a)		Employed	persons <sup>(b)</sup>
	A\$m	% share <sup>(c)</sup>	'000	% share
Administrative & support	42,709	2.8	405.8	3.5
Public administration & safety	88,764	5.8	736.6	6.3
Education & training	76,529	5.0	925.6	7.9
Health care & social assistance	106,856	6.9	1,486.8	12.7
Arts & recreation	12,949	0.8	229.2	2.0
Other services	29,909	1.9	479.8	4.1
Ownership of dwellings	141,715	9.2		
Gross value added at basic prices(d)	1,538,231	100.0		
Taxes less subsidies on products	104,723			
Statistical discrepancy	675			
Total <sup>(e)</sup>	1,643,631		11,745	100.0

<sup>(</sup>a) The term is used to describe gross product by industry and by sector (Chain volume measures reference year 2013-14). Industry breakdown based on ANZSIC 2006.

Based on ABS catalogues 5206.0, 6202.0 and 6203.0.

<sup>(</sup>b) Derived from seasonally adjusted data on an annual average.

<sup>(</sup>c) As a share of GDP at basic prices.

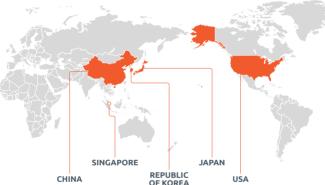
<sup>(</sup>d) Basic prices are amounts received by producers, including the value of any subsidies on products, but before any taxes on products.

<sup>(</sup>e) GDP at purchasers' (market) prices is derived by adding Taxes less subsidies on products and Statistical discrepancy to Gross value added at basic prices.

### Profile of Australia's Trade 2015

Australia's two-way trade in goods and services grew at a moderate pace in 2015, despite global economic headwinds. Two-way trade recorded a 0.9 per cent rise to \$668.5 billion, up from \$662.3 billion in 2014, representing another record high for Australia. Though our top two-way trading partners remained the same, their rank order changed for 2015. In order, these partners were China, the United States, Japan, and the Republic of Korea, followed by Singapore.

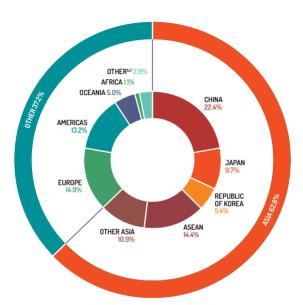




Australia's trade and investment performance has contributed significantly to the country's remarkable record of twenty-five years of uninterrupted economic growth and will continue to do so. Today, trade in goods and services is equivalent to more than 40 per cent of Australia's GDP and one in five Australian jobs is trade-related.

STEVEN CIOBO, MINISTER FOR TRADE, TOURISM AND INVESTMENT

#### Australia's Two-Way Trade by Region 2015



#### Regional breakdowns:

Asia includes Central Asia; Middle East; North Asia; South East Asia and Southern Asia ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

**Europe** includes Eastern Europe; Northern Europe; South Eastern Europe, Southern Europe and Western Europe.

Americas includes North America; the Caribbean; Central America and South America.

Oceania includes Antarctica and Pacific Island countries and territories.

**Africa** includes Central and West Africa; North Africa and Southern and East Africa. (a) Includes confidential items of trade.

Based on ABS catalogues 5368.0 and 5368.0.55.004 and unpublished ABS data.

### Australia's Top 10 Two-Way Trading Partners (a)(b) 2015

(A\$ Dillion)						
Rank	Country	Goods	Services	Total	% share	
1	China	137.5	12.3	149.8	22.4	
2	United States	47.2	22.9	70.2	10.5	
3	Japan	59.9	5.0	65.0	9.7	
4	Republic of Korea	33.4	2.6	36.1	5.4	
5	Singapore	16.2	9.4	25.7	3.8	
6	New Zealand	16.1	7.9	24.0	3.6	
7	United Kingdom	10.9	12.3	23.2	3.5	
8	Thailand	17.9	2.9	20.8	3.1	
9	India	15.2	4.7	19.8	3.0	

16.0

370.5

526.2

4021

72 5

594

230 5

3.2

83.2

142.2

84 6

23 5

299

73.6

19.2

453.7

668.5

4867

959

893

304 0

2.9

67.9

72 8

14 4

13 4

45 5

. . . . . . . . .

<ul> <li>(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trace basis.</li> </ul>	de
--	----

<sup>(</sup>b) May exclude selected confidential export and import commodities. Refer to the DFAT website (http://dfat.gov.au/bobut-us/publications/trade-investment/Pages/dfat-adjustments-to-abs-official-trade-data.aspx) for more information and a list of the commodities excluded.

Malaysia

Total two-way trade(c)

of which:

Total top 10 trading partners

APFC

ASFAN

FU28

OFCD

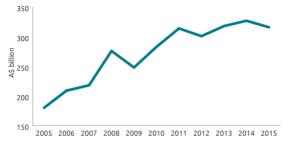
Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.05.004 and unpublished ABS data.

<sup>(</sup>c) Totals may not add due to rounding.

### Australia's Exports 2015

In 2015, Australia was the 24th largest exporting country in the world. The total value of Australian exports fell by 3.4 per cent to \$315.7 billion, largely as a result of a drop in prices of key exports of metal ores, minerals and coal.

### Australia's Exports(a)(b) 2005 to 2015



(a) Balance of payments basis.

(b) By value.

Based on ABS catalogues 5302.0 & 5368.0.

Australia's top ten export markets remain unchanged in rank order from 2014. China remains our top export destination by a wide margin, taking 27.1 per cent of total exports in 2015. The combined share of our second to fifth largest export destinations Japan, the United States, the Republic of Korea and India equal nearly a third of total exports or 31.0 per cent.

### Australia's Top 10 Export Markets (a)(b) 2015

### (A\$ billion)

Rank	Country		Goods	Services	Total	% share
1	China		75.7	9.8	85.6	27.1
2	Japan		40.1	2.1	42.2	13.4
3	United Stat	es	14.2	7.9	22.1	7.0
4	Republic of	Korea	18.3	1.7	20.0	6.3
5	India		10.4	3.0	13.4	4.3
6	New Zealar	ıd	8.4	4.1	12.6	4.0
7	Hong Kong	(c)	9.0	2.3	11.3	3.6
8	Singapore		6.9	4.1	11.0	3.5
9	United King	dom	3.8	5.0	8.8	2.8
10	Malaysia		5.8	2.1	8.0	2.5
	Total top 10	) markets	192.8	42.2	235.0	74.4
	Total expo	rts <sup>(d)</sup>	250.4	65.4	315.7	
	of which:	APEC	204.8	41.3	246.1	77.9
		ASEAN	27.9	10.6	38.6	12.2
		EU28	13.0	10.5	23.5	7.4
		OECD	97.9	28.7	126.5	40.1

<sup>(</sup>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, ABS catalogue 5368.0.55.004 and unpublished ABS data.

<sup>(</sup>b) May exclude selected confidential export commodities. Refer to the DFAT website (http://dfat.gou.au/aboutus/publications/trade-investemet/Pages/dfat-adjustments-to-abs-official-trade-data.aspx) for more information and a list of the commodities excluded.

<sup>(</sup>c) Special Administrative Region of China.

<sup>(</sup>d) Totals may not add due to rounding.

### Australia's Global Export Ranking 2015

#### How we compare with the rest of the world (US\$ billion)

Rank	Country	Goods <sup>(a)</sup>	Services <sup>(b)</sup>	Total exports	% share
1	China	2,275	287	2,561	12.0
2	United States	1,505	710	2,215	10.4
3	Germany	1,329	252	1,582	7.4
4	United Kingdom	460	349	810	3.8
5	Japan	625	162	787	3.7
6	The Netherlands	567	180	747	3.5
7	France	506	240	746	3.5
8	Republic of Korea	527	98	625	2.9
9	Hong Kong <sup>(c)</sup>	511	104	615	2.9
10	Italy	459	100	559	2.6
11	Belgium	398	111	509	2.4
12	Singapore	351	140	490	2.3
13	Canada	408	78	486	2.3
14	India	267	156	423	2.0
15	Mexico	381	23	403	1.9
24	Australia	189	50	238	1.1
	Total exports	16,482	4,826	21,308	

<sup>(</sup>a) Goods on recorded trade basis.

Source: WTO online database.

<sup>(</sup>b) Services on balance of payments basis.

<sup>(</sup>c) Special Administrative Region of China.

### Australia's Top 20 Exports (a) 2015

Rank	Commodity	A\$ million	% share	% change
1	Iron ores & concentrates	49,100	15.6	-25.6
2	Coal	37,034	11.7	-2.5
3	Education-related travel services(b)	18,659	5.9	9.5
4	Natural gas	16,446	5.2	-7.3
5	Personal travel (excl education) services	15,304	4.8	12.4
6	Gold	14,504	4.6	7.8
7	Beef	9,296	2.9	19.9
8	Aluminium ores & concentrates (incl alumina)	7,493	2.4	18.2
9	Crude petroleum	6,005	1.9	-43.2
10	Wheat	5,812	1.8	-1.8
11	Professional services	5,171	1.6	7.6
12	Copper ores & concentrates	4,813	1.5	-10.2
13	Business travel services	4,468	1.4	5.8
14	Other ores & concentrates(c)	4,437	1.4	-3.4
15	Aluminium	3,934	1.2	-0.9
16	Financial services	3,746	1.2	18.6
17	Meat (excl beef)	3,738	1.2	0.1
18	Technical & other business services	3,500	1.1	1.1
19	Copper	3,397	1.1	-11.7
20	Telecom, computer & information services	3,053	1.0	18.7
	Total exports <sup>(d)</sup>	315,748		-3.4

<sup>(</sup>a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 and 5368.0.

<sup>(</sup>b) Includes student expenditure on tuition fees and living expenses.

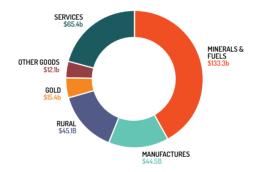
<sup>(</sup>c) Mainly consists of zinc ores & concentrates, manganese ores & concentrates and lead ores & concentrates.

<sup>(</sup>d) Total exports on a balance of payments basis.

Australia's top five exports in 2015 were concentrated in minerals and fuels, and services. Iron ores and concentrates at \$49.1 billion, coal at \$37 billion and natural gas at \$16.4 billion were ranked first, second and fourth, while education-related travel services at \$18.7 billion and personal travel (excluding education) services at \$15.3 billion ranked third and fifth respectively, reflecting their strong growth.

#### Australia's Exports by Sector(a) 2015

(a) Balance of payments basis, Based on ABS catalogues 5302.0 & 5368.0.

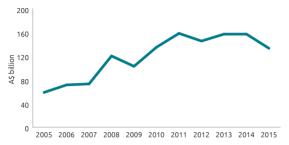


The majority of Australia's export sectors grew in 2015. Rural exports increased 11.2 per cent or \$4.5 billion, services went up 9.0 per cent or \$5.4 billion, gold increased 8.6 per cent or \$1.2 billion, manufactures went up 4.0 per cent or \$1.7 billion and other goods rose 1.0 per cent or \$122 million. Minerals and fuels however decreased 15.2 per cent or \$24 billion, compared to the previous year.

### Minerals and Fuels

Minerals and fuels were Australia's largest export, accounting for over 42 per cent of our total exports, and worth \$133.3 billion in 2015.

### Australia's Minerals and Fuels Exports 2005 to 2015



Based on ABS catalogues 5302.0 & 5368.0.

### Australia's Top 20 Minerals and Fuels Exports 2015

Rank	•	A\$ million	% share	% change
1	Iron ores & concentrates	49,100	36.8	-25.6
2	Coal	37,034	27.8	-2.5
3	Natural gas	16,446	12.3	-7.3
4	Aluminium ores & conc (incl alumina)	7,493	5.6	18.2
5	Crude petroleum	6,005	4.5	-43.2
6	Copper ores & concentrates	4,813	3.6	-10.2
7	Other ores & concentrates <sup>(c)</sup>	4,437	3.3	-3.4
8	Refined petroleum	2,062	1.5	-26.5
9	Precious metal ores & conc (excl gold)	1,503	1.1	20.2
10	Non-ferrous waste & scrap	1,037	0.8	5.7
11	Nickel ores & concentrates	767	0.6	-18.4
12	Ferrous waste & scrap	705	0.5	-27.6
13	Liquefied propane & butane	605	0.5	-48.3
14	Crude minerals, nes	385	0.3	19.4
15	Stone, sand & gravel	117	0.1	333.7
16	Natural abrasives	84	0.1	6.1
17	Coke & semi-coke	76	0.1	-60.5
18	Residual petroleum products	16	0.0	-46.5
19	Crude fertilisers	9	0.0	19.4
20	Uranium or thorium ores & concentrates	2	0.0	110.7
Total	minerals & fuels exports <sup>(d)</sup>	133,285		-15.2

<sup>(</sup>a) Recorded trade basis.

Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 & 5368.0.

<sup>(</sup>b) Excludes confidential items of trade.

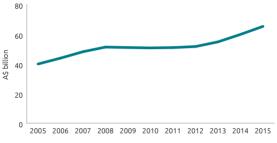
<sup>(</sup>c) Mainly zinc ores & concentrates, manganese ores & concentrates and lead ores & concentrates.

<sup>(</sup>d) Total minerals and fuels exports on a balance of payments basis.

#### Services

In 2015, exports of services accounted for 20.7 per cent of Australia's total exports following a 9 per cent expansion in the sector over the year to \$65.4 billion. This continues the sector's growth trend of the past five years.

### Australia's Services Exports 2005 to 2015



Based on ABS catalogues 5302.0 & 5368.0.

■ Expanding services exports is a key trade policy focus for the Government. As the economy transitions from the mining boom to the ideas boom, services will be a central element of Australia's transition to a broader-based growth model, one that delivers more diversified sources of growth, higher levels of productivity and job creation. ■

STEVEN CIOBO, MINISTER FOR TRADE, TOURISM AND INVESTMENT

# Australia's Services Exports<sup>(a)</sup> 2015

	A\$ million	% share	% change
Manufactured services on physical inputs owned by others	14	0.0	-22.2
Maintenance & repair	90	0.1	52.5
Transport	6,756	10.3	2.4
Passenger <sup>(b)</sup>	2,635	4.0	9.5
Freight	247	0.4	-12.1
Other	2,674	4.1	3.0
Postal & courier services	1,200	1.8	-8.5
Travel	38,431	58.8	10.2
Business	4,468	6.8	5.8
Personal	33,963	52.0	10.8
Education-related	18,659	28.6	9.5
Other personal <sup>(c)</sup>	15,304	23.4	12.4
Other	20,063	30.7	9.2
Construction	183	0.3	5.2
Insurance & pension	549	0.8	2.4
Financial	3,746	5.7	18.6
Intellectual property charges	1,045	1.6	10.2
Telecommunications, computer & information	3,053	4.7	18.7
Other business services	9,541	14.6	5.7
Personal, cultural and recreational	931	1.4	-4.3
Government services	1,015	1.6	2.3
Total services exports	65,354		9.0

<sup>(</sup>a) Balance of payments basis.

<sup>(</sup>b) Passenger services include air transport-related agency fees & commissions.

<sup>(</sup>c) Inbound tourism for mainly recreational purposes.

Based on ABS catalogues 5302.0 & 5368.0.

#### Tourism

In 2015, the tourism industry was our largest services industry export. The number of international visitors to Australia increased by 8.2 per cent to 7.4 million, pushing up tourism industry exports by 18 per cent to \$36.6 billion.



(a) Department of Immigration and Border Protection.
(b) Tourism Research Australia.

#### In 2014-15:

- overall, tourism's contribution to GDP rose 5.3 per cent to \$47.5 billion (3 per cent of national GDP):
- tourism industry exports rose nine per cent to \$30.7 billion (9.6 per cent of total Australian exports);
- tourism directly employed 580,800 people or five per cent of Australia's total employment and indirectly employed another 341,000: and
- tourism directly and indirectly accounted for one in 13 jobs in Australia

Source: Tourism Research Australia Tourism Satellite Account 2014-15

#### Australia's International Visitors 2015

Rank	Country	Number of visitors ('000)	% change on 2014
1	New Zealand	1,309	5.5
2	China	1,023	21.9
3	United Kingdom	688	5.6
4	United States	610	10.3
5	Singapore	396	6.3
6	Malaysia	339	4.4
7	Japan	336	2.8
8	India	233	18.6
9	Republic of Korea	230	12.8
10	Hong Kong <sup>(a)</sup>	220	8.9

(a) Special Administrative Region of China.

Source: Department of Immigration and Border Protection.

### Australia's Top 10 International Visitor Expenditure Sources 2015

Rank	Country	Total trip spend (\$million)	% change on 2014
1	China	8,268	44.7
2	United Kingdom	3,802	12.4
3	United States	3,411	22.3
4	New Zealand	2,642	8.3
5	Singapore	1,383	20.0
6	Republic of Korea	1,345	18.0
7	Japan	1,332	-2.4
8	Hong Kong <sup>(a)</sup>	1,207	23.4
9	Malaysia	1,149	7.3
10	India	1,136	38.0

(a) Special Administrative Region of China.

Source: Tourism Research Australia International visitors in Australia, December 2015.

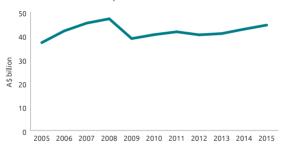
#### Intellectual Property

In 2015, Australian royalties for intellectual property services reached \$1.3 billion in exports and \$6.3 billion in imports, with Australia being a net exporter of IP to non-OECD countries. Australia supports international arrangements for the effective and balanced protection and use of intellectual property.

#### Manufactures

In 2015, the Australian manufacturing sector accounted for 14.1 per cent of total exports, following an increase of \$1.7 billion to \$44.5 billion. Manufactures exports have been on an upward growth trajectory for the past five years. The sector is a major employer with almost 900,000 jobs in manufacturing in Australia.

#### Australia's Manufactures Exports 2005 to 2015



Based on ABS catalogues 5302.0 & 5368.0.

The majority of Australia's manufactures exports grew in 2015. As a whole, manufactures rose by 4.0 per cent or \$1.7 billion, although five of the top 20 manufactures exports recorded negative growth. Passenger motor vehicles exports, our third largest manufactures export, grew 18.6 per cent to \$2.1 billion and aircraft, spacecraft and parts, our fourth largest manufactures export, grew 8.6 per cent to \$1.8 billion. Aluminum, copper and medicaments were our first, second and fifth largest manufactures exports respectively, and recorded decreases in exports in 2015.

### Australia's Top 20 Manufactures Exports 2015

Rank	Commodity <sup>(a)(b)</sup>	A\$ million	% share	% change
1	Aluminium	3,934	8.8	-0.9
2	Copper	3,397	7.6	-11.7
3	Passenger motor vehicles	2,110	4.7	18.6
4	Aircraft, spacecraft & parts	1,804	4.1	8.6
5	Medicaments (incl veterinary)	1,755	3.9	-27.3
6	Telecom equipment & parts	1,574	3.5	27.0
7	Medical instruments (incl veterinary)	1,401	3.1	20.2
8	Zinc	1,049	2.4	4.1
9	Lead	1,032	2.3	20.3
10	Measuring & analysing instruments	964	2.2	8.7
11	Miscellaneous manufactured articles	930	2.1	17.5
12	Paper & paperboard	884	2.0	7.0
13	Civil engineering equipment & parts	870	2.0	-1.5
14	Pigments, paints & varnishes	805	1.8	7.5
15	Pearls & gems	804	1.8	7.7
16	Computer parts & accessories	775	1.7	19.3
17	Vehicle parts & accessories	760	1.7	-0.0
18	Inorganic chemical elements	739	1.7	0.9
19	Specialised machinery & parts	721	1.6	-4.4
20	Pharmaceuticals products (excl medicaments)	719	1.6	41.4
	Total manufactures exports(c)	44,507		4.0

<sup>(</sup>a) Recorded trade basis.

<sup>(</sup>b) Excludes confidential items of trade.

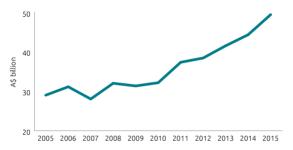
<sup>(</sup>c) Total manufactures exports on a balance of payments basis.

Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 & 5368.0.

# Agriculture

In 2015, Australian agriculture and food exports reached \$44.3 billion or 14.0 per cent of the value of Australia's total exports. Our agriculture, fisheries and forestry exports have experienced strong growth over the past decade. On average, 65 per cent of the value of Australian agriculture production is exported to overseas markets to meet high demand for quality produce.

### Australia's Agriculture, Fisheries and Forestry Exports 2005 to 2015



Based on ABS catalogue 5368.0 and ABS special data services.

The majority of Australia's agriculture, fisheries and forestry exports grew in 2015. Beef was our largest agriculture export in 2015, growing 19.9 per cent to \$9.3 billion, to account for 21.0 per cent of total agriculture, fisheries and forestry exports. Meat (excl beef) rose 0.1 per cent to \$3.7 billion, while wool increased 20.4 per cent to \$2.9 billion and wine rose 16.4 per cent to \$2.2 billion. There was also strong export growth in vegetables and fruit and nuts, which increased 85.0 per cent, and 54.8 per cent, respectively.

### Australia's Top 20 Agriculture, Fisheries and Forestry Exports<sup>(a)</sup> 2015

Rank	Commodity <sup>(b)(c)</sup>	A\$ million	% share	% change
1	Beef	9,296	21.0	19.9
2	Wheat	5,812	13.1	-1.8
3	Meat (excl beef)	3,738	8.4	0.1
4	Wool & other animal hair (incl tops)	2,912	6.6	20.4
5	Wine	2,161	4.9	16.4
6	Vegetables	1,932	4.4	85.0
7	Live animals (excl seafood)	1,896	4.3	17.2
8	Fruit & nuts	1,806	4.1	54.8
9	Sugars, molasses & honey	1,783	4.0	12.0
10	Barley	1,741	3.9	-1.1
11	Edible products & preparations	1,688	3.8	66.1
12	Oil-seeds & oleaginous fruits, soft	1,585	3.6	-1.3
13	Milk, cream, whey & yoghurt	1,347	3.0	-13.9
14	Animal feed	1,209	2.7	4.1
15	Cotton	1,083	2.4	-46.1
16	Wood in chips or particles	1,048	2.4	24.7
17	Crustaceans	1,027	2.3	10.1
18	Hides & skins, raw (excl furskins)	1,024	2.3	-0.2
19	Cheese & curd	870	2.0	11.4
20	Cereal preparations	750	1.7	5.9
	Total agriculture, fisheries & forestry exports	44,308		11.5

<sup>(</sup>a) Based on the WTO definition of agriculture, fisheries & forestry as set out in the definitions & methodology section of the WTO international Trade Statistics publication, which includes alcoholic beverages. https://www.wto.org/english/res\_e/statis\_e/wts2016\_e/wts16\_toc\_e.htm

Based on ABS catalogue 5368.0 and ABS special data services.

<sup>(</sup>b) Recorded trade basis.

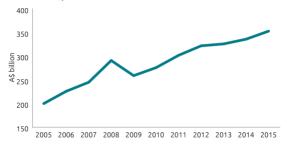
<sup>(</sup>c) Excludes confidential items of trade except sugar.

### Australia's Imports 2015

In 2015, Australia was the 21st largest importer in the world, with imports growing by 5.1 per cent to \$352.7 billion. Import prices increased by 3.2 per cent and volumes rose 1.5 per cent. The value of Australia's goods and services imports grew on average 4.5 per cent per annum over the past five years.

Imports are an essential part of Australia's economy. They help maintain robust competition and improve choice for consumers and businesses alike

#### Australia's Imports(a)(b) 2005 to 2015



- (a) Balance of payments basis.
- (b) By value.

Based on ABS catalogues 5302.0 & 5368.0.

Mirroring our export links, China remains our top import source, providing 18.2 per cent of total imports in 2015. The combined share of our second to fifth largest import sources the United States, Japan, the Republic of Korea and Thailand equalled 29 per cent of total imports.

Australia's top five imports in 2015 were personal travel (excluding education) services at \$27.0 billion, passenger motor vehicles at \$20.4 billion, refined petroleum at \$18.4 billion, telecom equipment and parts at \$11.7 billion and freight services at \$10.2 billion.

### Australia's Top 10 Import Sources (a)(b) 2015

### (A\$ billion)

Rank	Count	у.	Goods	Services	Total	% share
1	China		61.8	2.4	64.2	18.2
2	United	States	33.0	15.1	48.1	13.6
3	Japan		19.8	3.0	22.7	6.4
4	Repub	lic of Korea	15.2	0.9	16.1	4.6
5	Thailar	ıd	13.6	1.9	15.4	4.4
6	Germa	ny	12.5	3.0	15.4	4.4
7	Singap	ore	9.3	5.3	14.6	4.2
8	United	Kingdom	7.1	7.3	14.4	4.1
9	New Ze	ealand	7.7	3.8	11.4	3.2
10	Malays	ia	10.2	1.0	11.2	3.2
	Total to	op 10 sources	190.1	43.6	233.7	66.3
Total	imports	(c)	275.8	76.9	352.7	
of wh	nich:	APEC	197.3	43.3	240.6	68.2
		ASEAN	44.5	12.8	57.4	16.3
		EU28	46.4	19.5	65.9	18.7
		OECD	132.6	44.9	177.5	50.3

<sup>(</sup>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, ABS catalogue 5368.0.05.004 and unpublished ABS data.

<sup>(</sup>b) May exclude selected confidential import commodities. Refer to the DFAT website (http://dfat.gov.au/about-us/ publications/trade-investment/Pages/dfat-adjustments-to-abs-official-trade-data.aspx) for more information and a list of the commodities excluded.

<sup>(</sup>c) Totals may not add due to rounding.

### Australia's Global Import Ranking 2015

### How we compare with the rest of the world (US\$ billion)

			"		
Rank	Country	Goods <sup>(a)</sup>	Services <sup>(b)</sup>	Total imports	% share
1	United States	2,308	491	2,799	13.0
2	China	1,682	469	2,151	10.0
3	Germany	1,050	291	1,341	6.2
4	United Kingdom	626	212	837	3.9
5	Japan	648	176	824	3.8
6	France	573	229	801	3.7
7	The Netherlands	506	157	663	3.1
8	Hong Kong <sup>(c)</sup>	559	74	633	2.9
9	Republic of Korea	436	114	550	2.6
10	Canada	436	96	533	2.5
11	India	392	123	515	2.4
12	Italy	409	101	510	2.4
13	Belgium	375	106	481	2.2
14	Singapore	297	143	440	2.0
15	Mexico	405	32	437	2.0
21	Australia	208	57	266	1.2
	Total imports	16,766	4,729	21,495	

<sup>(</sup>a) Goods on recorded trade basis.

Source: WTO online database.

<sup>(</sup>b) Services on balance of payments basis.

<sup>(</sup>c) Special Administrative Region of China.

### Australia's Top 20 Imports (a)(b) 2015

Rank	Commodity	A\$ million	% share	% change
1	Personal travel (excl education) services	27,046	7.7	7.2
2	Passenger motor vehicles	20,365	5.8	15.9
3	Refined petroleum	18,437	5.2	-0.8
4	Telecom equipment & parts	11,675	3.3	18.6
5	Freight services	10,248	2.9	5.6
6	Crude petroleum	9,381	2.7	-53.2
7	Computers	8,471	2.4	15.8
8	Medicaments (incl veterinary)	7,287	2.1	-2.8
9	Goods vehicles	6,734	1.9	12.1
10	Passenger transport services <sup>(c)</sup>	6,497	1.8	5.7
11	Technical & other business services	6,064	1.7	5.3
12	Professional services	5,867	1.7	18.5
13	Heating & cooling equipment & parts	5,159	1.5	18.5
14	Charges for intellectual property	4,695	1.3	6.6
15	Gold	4,456	1.3	11.3
16	Furniture, mattresses & cushions	4,337	1.2	19.7
17	Civil engineering equipment & parts	3,807	1.1	46.1
18	Business travel services	3,425	1.0	0.2
19	Telecom, computer & information services	3,381	1.0	12.3
20	Electrical machinery & parts	3,344	0.9	13.0
	Total imports <sup>(d)</sup>	352,711		5.1

<sup>(</sup>a) Goods trade is on a recorded trade basis. Services trade is on a balance of payments basis.

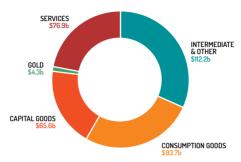
Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 & 5368.0.

<sup>(</sup>b) Please note - imports of aircraft were made confidential by the ABS from Sept 2008 onwards. Imports of aircraft would rank in Australia's top 20 imports. DFAT estimates that aircraft imports were valued at around \$5.7 billion in 2015.

<sup>(</sup>c) Includes related agency fees and commissions.

<sup>(</sup>d) Total imports on a balance of payments basis.

### Australia's Imports by Sector<sup>(a)</sup> 2015



(a) Balance of payments basis.

Based on ABS catalogues 5302.0 & 5368.0

In 2015, manufactures (such as passenger motor vehicles, telecommunication equipment & parts, computers and medicines) accounted for \$8.5 per cent of total imports and services accounted for 21.8 per cent. Australia's main import sector remained intermediate and other goods, even though it declined 3.6 per cent or \$4.2 billion to \$112.2 billion. Gold imports recorded a significant increase of 18.5 per cent or \$672 million, consumption goods rose by 13.2 per cent or \$10.9 billion and imports of services increased 8.0 per cent or \$5.7 billion. Imports of capital goods, which help Australian industry invest and grow, increased nearly 6.7 per cent or \$4.1 billion.

# Australia's Foreign Investment 2015

Foreign investment has allowed Australia to enjoy higher rates of economic growth, employment and living standards than could have been achieved through domestic savings alone. Our economy was partly built on successive waves of investment from Britain, followed by the United States and Japan. China has become a major and growing source of investment. The value of Australia's total two-way investment reached \$5.1 trillion, up 8.0 per cent from \$4.7 trillion in 2014. The United States, the United Kingdom, Japan, Belgium and Singapore were Australia's top five two-way investment partners in 2015.

# Australia's Top 5 Two-Way Investment Partners 2015



In 2015, the stock of total foreign investment into Australia reached \$3 trillion. Australia's major sources were the United States at \$860.3 billion, the United Kingdom at \$499.9 billion, Belgium at \$23.5 billion, Japan at \$199.6 billion and Singapore at \$98.6 billion. Chinese investment reached nearly \$75 billion at the end of 2015, making it our seventh largest investor.

### Australia's Top 10 Foreign Investment Sources (a) 2015

Rank <sup>(b)</sup>	Country	FDI	Total investment <sup>(c)</sup>
1	United States	173,503	860,313
2	United Kingdom	76,042	499,930
3	Belgium	2,197	238,544
4	Japan	85,949	199,596
5	Singapore	28,800	98,579
6	Hong Kong <sup>(d)</sup>	11,918	85,359
7	China	35,171	74,862
8	The Netherlands	44,444	62,995
9	Luxembourg	2,449	58,322
10	Switzerland	7,939	50,198
	Total all countries	735,494	3,024,361
	of which: APEC	381,338	1,456,048
	ASEAN	41,506	126,652
	EU28	157,627	990,857
	OECD	459,211	2,199,761

<sup>(</sup>a) Foreign investment in Australia: level of investment (stocks) as at 31 December 2015, by selected country and country group.

Source: ABS catalogue 5352.0.

<sup>(</sup>b) Ranked on level of total investment in Australia.

<sup>(</sup>c) Includes portfolio investment.

<sup>(</sup>d) Special Administrative Region of China.

### Australia's Top 10 Foreign Investment Destinations (a) 2015

Rank <sup>(b)</sup>	Country	ADI	Total Investment <sup>(c)</sup>
1	United States	105,247	594,425
2	United Kingdom	81,258	353,204
3	New Zealand	60,520	98,693
4	Japan	np	93,164
5	China	14,107	70,230
6	Singapore	21,209	67,056
7	Germany	np	66,914
8	Hong Kong <sup>(d)</sup>	4,618	50,696
9	Cayman Islands	np	49,516
10	France	2,193	45,616
	Total all countries	542,611	2,080,714
	of which: APEC	249,987	1,097,192
	ASEAN	37,644	100,731
	EU28	111,789	589,467
	OECD	290,406	1,443,883

<sup>(</sup>a) Australian investment abroad: level of investment (stocks) as at 31 December 2015, by selected country and country group.

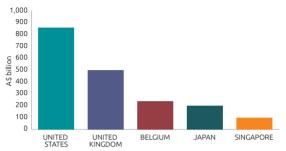
Source: ABS catalogue 5352.0.

<sup>(</sup>b) Ranked on total Australian investment abroad.

<sup>(</sup>c) Includes portfolio investment.

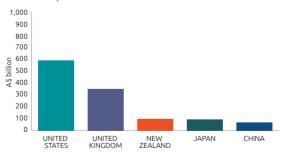
<sup>(</sup>d) Special Administrative Region of China.

# Australia's Top 5 Total Foreign Investment Sources 2015



Based on ABS catalogue 5352.0.

### Australia's Top 5 Total Investment Abroad Destinations 2015

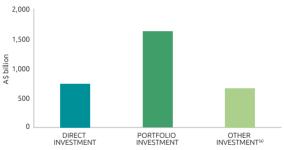


Based on ABS catalogue 5352.0.

# Foreign Direct Investment

In 2015, the stock of foreign investment in Australia was made up of foreign direct investment worth \$735. billion and portfolio and other investment worth \$2.3 trillion. Portfolio investment occurs when a foreign investor purchases Australian securities or equity and debt transactions which do not offer the investor any control over the operation or enterprise. FDI occurs when an individual or entity from outside Australia establishes a new business or acquires ten per cent or more of an Australian enterprise and has some control over its operations. FDI is one of the most stable forms of capital inflows and accounts for one quarter of total foreign investment into Australia.

#### Australia's Investment by Type 2015

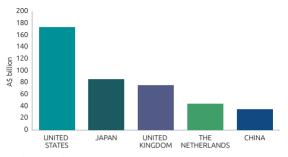


(a) Includes financial derivatives, loans, trade credit, currency and deposits.

Based on ABS catalogue 5352.0.

In 2015, Australia's total FDI stock increased by 7.2 per cent. The flow of new FDI into Australia in 2015 decreased by \$38.7 billion or 24.7 per cent, to \$117.9 billion, reflecting the slowing of the mining investment boom and heightened international competition for investment amidst subdued global growth.

### Australia's Foreign Direct Investment Sources 2015



Based on ABS catalogue 5352.0.

■ Foreign direct investment plays a critical role in Australia's economy, providing businesses with the capital they need to grow and prosper. It contributes to the development of new industries, securing the jobs of today and creating jobs of the future.

STEVEN CIOBO, MINISTER FOR TRADE, TOURISM AND INVESTMENT

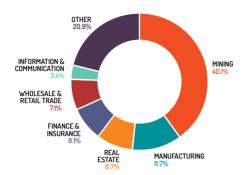
# Australia's Inward Foreign Direct Investment Global Ranking 2015

# How we compare with the rest of the world (US\$ billion)

Rank	Country	2015	% change	% share
1	United States	5,588	3.7	22.4
2	Hong Kong <sup>(a)</sup>	1,573	4.4	6.3
3	United Kingdom	1,457	-16.4	5.8
4	China	1,221	12.5	4.9
5	Germany	1,121	2.9	4.5
6	Singapore	978	1.6	3.9
7	Switzerland	833	9.0	3.3
8	France	772	5.9	3.1
9	Canada	756	-20.8	3.0
10	The Netherlands	707	-1.2	2.8
11	British Virgin Islands	611	9.2	2.4
12	Australia	537	-4.5	2.2
13	Spain	533	-9.9	2.1
14	Brazil	486	-21.0	1.9
15	Belgium	469	-1.6	1.9
	World inward stock	24,983	-0.5	

(a) Special Administrative Region of China. Source: UNCTADstat database.

#### Australia's Foreign Direct Investment by Industry 2015



In 2015, FDI in real estate activities grew 36.8 per cent or \$17.2 billion, finance and insurance rose 20.5 per cent or \$10.1 billion, mining and other investment both recorded growth of 6.4 per cent or \$17.8 billion and \$9.2 billion respectively. FDI in information and communication grew 1.5 per cent or \$0.4 billion, manufacturing increased 1.1 per cent or \$0.9 billion while investment in wholesale and retail trade fell 10.8 per cent or \$6.3 billion.

#### FDI benefits Australia by:

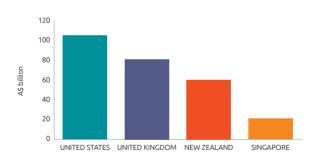
- creating new employment opportunities foreign companies setting up subsidiaries and creating new businesses in Australia boost jobs and build economic growth;
- helping drive productivity growth through increased competition in the market:
- facilitating access to new technologies foreign companies often transfer technology to Australia when they invest, making us more innovative and internationally competitive: and
- providing revenue to the government profits of foreign-owned companies are taxed, spreading the benefits of these investments to all Australians.

A myriad of studies have examined the impact of foreign investment in Australia. For example, a 2015 Economist Intelligence Unit<sup>idi</sup> study found that for every billion dollars of foreign investment in Australia, 1,000 jobs were created. Similarly, a 2010 study by Access Economics<sup>(6)</sup> showed that a ten per cent increase in foreign investment in Australia translates to a growth in real GDP by 1.2 per cent, employment by 0.33 per cent and real wages by 1.06 per cent.

#### Australian Direct Investment Ahroad

In 2015, Australia's direct investment abroad (outward investment) decreased slightly, by 0.3 per cent to \$542.6 billion. Australia was the world's 17th largest source country for global direct investment. The countries in which the most Australian investment took place in 2015 were the United States at \$105 billion, the United Kingdom at \$81 billion and New Zealand at \$61 billion

#### Australia's Direct Investment Abroad 2015



#### Based on ABS catalogue 5352.0.

(a) See Research note: The impact of foreign direct investment on employment in Australia, The Economist Intelligence Unit 2015. (b) See Report in Foreign Attraction: Building on Our Advantages through Foreign Investment, Business Council of Australia 2010.

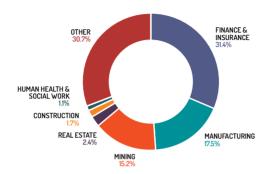
# Australia's Direct Investment - Abroad Global Ranking 2015

# How we compare with the rest of the world (US\$ billion)

	·			
Rank	Country	2015	% change	% share
1	United States	5,983	-4.8	23.9
2	Germany	1,812	5.5	7.2
3	United Kingdom	1,538	1.6	6.1
4	Hong Kong <sup>(a)</sup>	1,486	1.7	5.9
5	France	1,314	2.7	5.2
6	Japan	1,227	6.5	4.9
7	Switzerland	1,138	6.6	4.5
8	Canada	1,078	-3.8	4.3
9	The Netherlands	1,074	3.3	4.3
10	China	1,010	14.5	4.0
11	Ireland	793	25.0	3.2
12	British Virgin Islands	751	11.3	3.0
13	Singapore	625	-0.2	2.5
14	Spain	472	-10.6	1.9
15	Italy	467	-4.3	1.9
17	Australia	396	-0.3	1.6
	World outward stock	25,045	0.9	

(a) Special Administrative Region of China.
Source: UNCTAD stat database.

#### Australia's Direct Investment Abroad - By Industry 2015



ADI in manufacturing rose 18.7 per cent or \$15.0 billion, other investments rose by 12.5 per cent or \$18.5 billion, finance and insurance investment recorded an increase of 10.2 per cent or \$15.8 billion and real estate investment activities grew by 5.6 per cent or \$0.7 billion. Conversely mining investment fell 37.4 per cent or \$49.2 billion, construction investment fell 16.2 per cent or \$1.8 billion while human health and social work investment decreased by 13.3 per cent or \$0.9 billion.

#### AUSTRALIA'S TRADE AND INVESTMENT FRAMEWORK

# **Economic Diplomacy**

The Australian Government's economic diplomacy strategy engages Australia's international diplomatic assets including our overseas missions, business networks and aid program to support domestic and international prosperity. Its four guiding pillars of promoting trade, encouraging growth, attracting investment and supporting Australian business recognise the increasing interconnectivity between Australia and the global economy.

The Department of Foreign Affairs and Trade and Austrade lead a whole-of-government effort on economic diplomacy through the negotiation of trade agreements, supporting our business interests overseas, highlighting the benefits of economic reform in developing countries, promoting Australia's investment attractiveness and tourism and building international linkages in agricultural research.

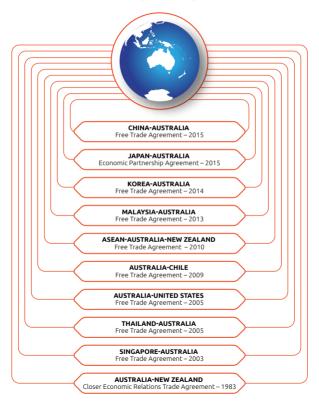
# Free Trade Agreements

FTAs secure improvements in market access to help Australian businesses expand into new markets, boost their international competitive position, reduce their import costs and foster greater prospects for two-way investment. Australian producers and consumers also benefit from a wider range and cheaper imports.

FTAs can cover entire regions with multiple participants or engage two countries in a partnership. FTA partners enter into legally binding commitments to liberalise access to each other's markets for goods, services and investment. FTAs also typically address a range of other issues such as intellectual property rights, government procurement and competition policy.

High-quality, comprehensive FTAs play an important role in supporting global trade liberalisation and are consistent with World Trade Organization rules. The Australian Government will not enter into any trade agreement that falls short of the benchmarks set by the WTO, or that falls short of our own standards of high quality, truly liberalising agreements that support global trade liberalisation. In 2015, Australia's ten FTAs in force were with countries who accounted for 67 per cent of our total trade.

Australia has ten bilateral and regional trade agreements in force:



# **Trade Negotiations**

Australia's FTAs under negotiation include:

- · Australia-Gulf Cooperation Council (GCC) FTA
- · Australia-Hong Kong Free Trade Agreement
- Australia-India Comprehensive Economic Cooperation Agreement
   Australia Australia Comprehensive Economic Cooperation Agreement
- · Indonesia-Australia Comprehensive Economic Partnership Agreement
- · Pacific Alliance Free Trade Agreement
- Peru-Australia Free Trade Agreement
- Regional Comprehensive Economic Partnership

The Trade in Services Agreement (TiSA) is being negotiated by 23 members of the World Trade Organization (WTO), including Australia. If concluded, the TiSA would create new export opportunities for Australian service suppliers. Australia is one of 46 WTO members participating in the Environmental Goods

Agreement negotiations, which are focused on the removal of tariffs on a range of environmental technologies. Australia is also negotiating accession to the WTO Government Procurement Agreement (GPA). This will put Australian companies on an equal footing to compete in the US\$1.7 trillion government procurement markets of other GPA members.

Australia, the European Council and the European Commission agreed in November 2015 to start the process toward negotiating a comprehensive and high quality FTA. Australia-European Union Free Trade Agreement negotiations are planned to start in late 2017.

The Trans-Pacific Partnership Agreement was signed by Australia and 11 other TPP countries in February 2016. On 30 January 2017, the United States confirmed that it would not proceed with TPP ratification and the Agreement cannot enter into force in its current form. Given the Agreement's many benefits for Australia, work is underway between Australia and the other TPP countries to assess the options to bring the TPP into force expeditiously. The Pacific Agreement on Closer Economic Relations (PACER) Plus was signed by Australia, New Zealand and eight Pacific island countries in June 2017.

#### FTA Portal

DFAT's FTA Portal enables businesses to explore the benefits under Australia's FTAs with China, Japan, South Korea, Malaysia and New Zealand. Goods exporters and importers will find tariff information, guidance on rules of origin and import market data that is comprehensive and easy to use on desktop, tablet or mobile.

The Portal will expand to progressively cover Australia's other FTAs in the future. For more information visit: <a href="www.ftaportal.dfat.gov.au">www.ftaportal.dfat.gov.au</a>.

# Global Value Chains (GVCs)

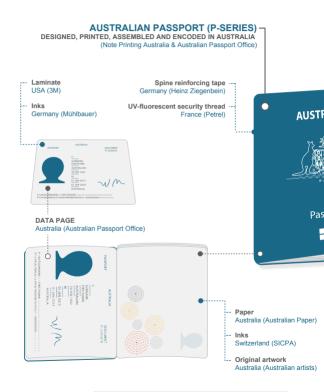
A 'value chain' is the full range of activities involved in designing, producing and delivering a good or service. The concept of GVCs is represented when one country utilises inputs from any other number of countries around the globe to produce a good or service. Each process is carried out in a location where skills and materials are available at a competitive cost and hind quality.

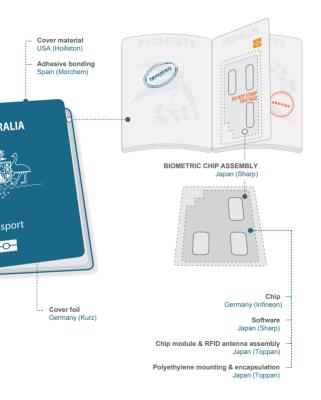
In 2011, almost two-thirds of world trade comprised of intermediate inputs traded within GVCs.

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:
- lower trade and transport costs and improved international logistics;
   and
- · fewer barriers to trade (e.g. tariff and quota reduction).

The Australian passport is a good example of a GVC in action. Our passports are assembled in Australia from components sourced from around the world, as illustrated on the next page.





## Trade Facilitation

The World Trade Organization (WTO) Agreement on Trade Facilitation entered into force on 22 February 2017. It is the first global agreement to enter into force since the WTO was formed more than 20 years ago. For Australian businesses, exporting goods will become less difficult, take less time to be cleared by Customs at foreign ports, and should result in lower costs.

## **Tourism**

The Department of Foreign Affairs and Trade is deepening Australia's bilateral tourism relationships with growing source markets such as China, India and Singapore as part of the Australian Government's economic diplomacy agenda and priorities under Tourism 2020. DFAT engages closely with multilateral fora, including APEC's Tourism Working Group and the OECD's Tourism Committee, in pursuit of these priorities. With Austrade and Tourism Australia, we are working across government to promote the competitiveness of tourism exports and increase the sector's contribution to national prosperity.

# Trade with Aid Partners

In 2015, Australia's two-way merchandise trade with our ongoing bilateral development partnership countries was valued at \$34.0 billion. Over the past decade (since 2005) two-way trade has increased by 6.3 per cent per annum. Australia's exports to these countries have grown by 7.2 per cent per annum while imports have grown by 5.5 per cent per annum in the same period.

# Market Access for Least Developed Countries

Australia has provided Least Developed Countries full duty-free and quota-free access to our market since 2003. There has been a notable increase in LDC exports to Australia, averaging 21.4 per cent per year, between 2005 when they were worth \$165.5 million and 2015 when they increased to \$1.3 billion.

An LDC Services Waiver allows WTO members to grant preferences to provide LDCs access to their markets with the objective of enhancing LDC participation in global services trade. Australia's notification of preferential treatment for LDC service suppliers covers tourism, transport (maritime, air, rail, road and auxiliary services) and business services (computer, professional and other business services).

# INTERNATIONAL TRADE AND INVESTMENT ARCHITECTURE

## WT0

The World Trade Organization (WTO) is an international organisation that manages the rules of trade between member states. Australia is a founding member of both the WTO and its predecessor the General Agreement on Tariffs and Trade. WTO members agree on legally binding trade rules that provide certainty for business while member states use the WTO's dispute settlement system to uphold these rules. Australia is committed to the multilateral trading system and to opening and maintaining access to markets through multilateral trade negotiations in the WTO.

In order to create opportunities for business, Australia pursues international agreements on trade issues such as services, agriculture and intellectual property.

Australia also works through the WTO to promote trade capacity building in developing countries. For more information visit: <a href="www.dfat.gov.au/international-relations/international-organisations/wto">www.dfat.gov.au/international-organisations/wto</a>

#### G20

The G20 is the world's premier forum for cooperation on international economic governance. The G20 consists of 19 countries and the European Union and represents around 86 per cent of global output, more than 75 per cent of global trade and almost two-thirds of the world's population. The G20 has met as a leader-level forum since 2008 and in 2014 Australia held the G20 Presidency.

Australia worked closely with China as G20 President in 2016 to advance G20 actions that promote strong trade and economic growth. Australia is actively engaged in the G20 under the Presidency of Germany in 2017, and will be again in Argentina in 2018. For more information see:

www.dfat.gov.au/trade/g20/ or www.g20.org.

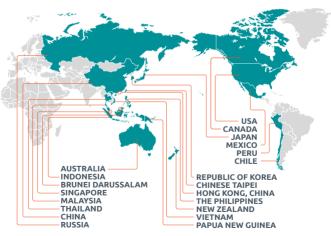


#### APFC

As the leading economic forum in the Asia-Pacific, the Asia-Pacific Economic Cooperation (APEC) forum has delivered substantial gains for businesses and consumers 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.

Seven of Australia's 10 largest export markets are within APEC, including our top three export markets China, Japan and the United States. In 2015, over 72 per cent of Australia's trade was with APEC members. Peru was the APEC host in 2016, with Vietnam to take over the role in 2017 and Papua New Guinea in 2018. For more information see:

www.apec.orgAustralia



# **NOTES**

# DEPARTMENT OF FOREIGN AFFAIRS AND TRADE AUSTRALIAN OFFICE NETWORK

# **HEAD OFFICE**

Canberra	02 6261 1111
AUSTRALIAN OFFICES	
NEW SOUTH WALES STATE OFFICE Sydney	02 9356 6222
NORTHERN TERRITORY OFFICE Darwin	08 8982 4199
QUEENSLAND STATE OFFICE Brisbane	07 3405 4799
SOUTH AUSTRALIA STATE OFFICE Adelaide	08 8403 4899
TASMANIA STATE OFFICE Hobart	03 6238 4099
VICTORIA STATE OFFICE Melbourne	03 9221 5555
WESTERN AUSTRALIA STATE OFFICE Perth	08 9231 4499

To request additional copies of this publication or to enquire about its content, please contact <a href="mailto:trade@dfat.gov.au">trade@dfat.gov.au</a>

