# TRADE AND INVESTMENT AT A GLANCE 2017

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## **CREATIVE COMMONS**

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# DATA

Unless otherwise specified, all data is for the financial year 2016-17, released by the Australian Bureau of Statistics in September 2017.

# CURRENCY

Unless otherwise specified, all amounts are in Australian dollars.

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Our economy, with the marketoriented values of openness and flexibility at its core, has weathered global and regional recessions and continued creating jobs and growth. Labour and capital have been freer to move from declining sectors to new sources of growth – and as a result, we now have an economy that backs our strength as a nation.

> STEVEN CIOBO. MINISTER FOR TRADE, TOURISM AND INVESTMEN

Speech: The Importance of Asia in the 21st Century, 23 January 2017

## MINISTER'S FOREWORD

#### Trade and Investment at a Glance 2017 underscores the important contribution of trade and investment to Australia's economic growth.

Australia's two-way trade has surged to a new record high of \$735 billion in 2016-17, up from \$677 billion in 2015-16.

Australia continues to attract high levels of productive foreign investment - the stock of foreign direct investment increased by over eight per cent to \$796 billion in 2016.

This positive trade and investment performance is all the more encouraging given the relatively slow pace of global economic growth.

The Turnbull Coalition Government is pursuing the most ambitious trade agenda in Australian history. It is targeted toward creating the right conditions for Australia to build on this record, and achieve further trade and investment success in the future.

The Australian Government will continue to use all available mechanisms to open up new commercial opportunities for our exporters and to promote the conditions for jobcreating foreign investment flows. The Australian Government took a leadership role and concluded the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. The Agreement will eliminate more than 98 per cent of tariffs in a trade zone with a combined GDP of \$13.7 trillion and generate more Australian exports and create new Australian jobs.

Concluding more free trade agreements (FTAs) will remain a high priority – we recently concluded an FTA with Peru, one of the fastest growing economies in South America and the world. The Indonesian and Hong Kong markets remain priorities and engagement with India is ongoing. We also aim to launch negotiations with the European Union in 2018.

At the regional level, Australia is active in pressing for high quality outcomes in the Regional Comprehensive Economic Partnership (RCEP) negotiations and in Australia's FTA negotiations with the Pacific Alliance.

At the multilateral and plurilateral level, Australia kick-started an initiative with Japan and Singapore towards future negotiations on electronic commerce to ensure international trade rules keep pace with technological change. Australia continues to lead efforts to address barriers impeding the expansion of Australia's services exports, including through the proposed Trade in Services Agreement.

At the same time, we are working towards accession to the WTO's Government Procurement Agreement to give Australian businesses certainty and recourse when bidding for government procurement contracts in markets worth nearly \$2 trillion.

This agenda reflects the Turnbull Coalition Government's strong commitment to open markets and to ensuring that trade and investment continue to fuel Australia's growth and prosperity.

The Hon Steven Ciobo MP

# THE AUSTRALIAN ECONOMY

In 2016-17 the Australian economy completed 26 continuous years of economic growth, the longest unbroken period of annual growth recorded by any major developed nation in modern times. Over the five years to 2022, Australia's growth is forecast to exceed all major advanced economies.



Sources: various ABS catalogues, OECD Economic Outlook and UNCTAD database, 2016.

#### Australia's Key Economic Indicators 2014-15 to 2016-17

		2014-15	2015-16	2016-17	
GDP and Trade <sup>(a)</sup>					
Gross domestic product <sup>(b)</sup>	% change	2.4	2.8	2.0	
Exports of goods & services <sup>(b)</sup>	% change	6.8	6.9	5.5	
Imports of goods & services <sup>(b)</sup>	% change	0.9	-0.1	4.7	
Net exports contribution to GDP	% points	1.0	1.3	0.1	
Labour force					
Population <sup>(c)</sup>	'000	23,851	24,211	24,599	
Labour force <sup>(d)</sup>	'000	12,386	12,613	12,759	
Employed persons <sup>(d)</sup>	'000	11,625	11,871	12,032	
- Annual growth	%	1.3	2.1	1.4	
Unemployment rate <sup>(d)</sup>	%	6.1	5.9	5.7	
Prices and interest rates					
Consumer prices	% change	1.5	1.0	1.9	
Interest rates - 90 day bills <sup>(c)</sup>	% pa	2.5	2.2	1.8	
(a) Reference year 2015-16.	ininal data				

(b) Derived from annual movements in original data.

(c) At end of period.

(d) Derived from original data on an annual average.

Based on ABS and Reserve Bank, various catalogues.



Australia has completed its 26th year of consecutive economic growth – 2016-17

AUSTRALIAN BUREAU OF STATISTICS



Australia is the second wealthiest nation in the world per adult, 2016

GLOBAL WEALTH REPORT, CREDIT SUISSE



The Australian dollar is the world's 5th most traded currency - 2016

BANK OF INTERNATIONAL SETTLEMENTS

Australia is estimated to have the world's 13th highest GDP overall and 11th highest GDP per capita – 2016





Australia has the largest pool of investment funds under management in Asia, and 6th largest in the world - 2016-17

INVESTMENT COMPANY INSTITUTE



The Australian Stock Exchange is the world's 16th largest - by market capitalisation, 2016

WORLD FEDERATION OF EXCHANGES

## Australia's Industry Structure 2016-17

	Gross val	ue added <sup>(a)</sup>	Employed	persons <sup>(b)</sup>	
	\$m	% share <sup>(c)</sup>	'000	% share	
Agriculture, forestry & fishing	48,547	3.0	302.6	2.5	
Mining	130,197	8.0	228.9	1.9	
Manufacturing	100,836	6.2	904.6	7.5	
Services	1,199,384	73.7	10,604.7	88.1	
Electricity, gas, water & waste	42,145	2.6	132.6	1.1	
Construction	131,258	8.1	1,080.5	9.0	
Wholesale trade	67,633	4.2	377.1	3.1	
Retail trade	76,836	4.7	1,224.0	10.2	
Accommodation & food services	38,904	2.4	861.5	7.2	
Transport, postal & warehousing	79,800	4.9	612.6	5.1	
Information, media & telecommunications	43,858	2.7	209.2	1.7	
Finance & insurance	150,819	9.3	431.6	3.6	
Rental, hiring & real estate	52,567	3.2	208.7	1.7	
Professional, scientific & technical	121,750	7.5	1,025.5	8.5	

#### Australia's Industry Structure 2016-17 (continued)

	Gross value added <sup>(a)</sup>			persons <sup>(b)</sup>	
	\$m	% share <sup>(c)</sup>	'000	% share	
Administrative & support	56,340	3.5	433.7	3.6	
Public administration & safety	92,287	5.7	797.2	6.6	
Education & training	84,233	5.2	968.5	8.0	
Health care & social assistance	118,926	7.3	1,536.3	12.8	
Arts & recreation	13,758	0.8	218.9	1.8	
Other services	28,270	1.7	486.9	4.0	
Ownership of dwellings	149,107	9.2			
Gross value added at basic prices <sup>(d)</sup>	1,628,070	100.0			
Taxes less subsidies on products	120,482				
Statistical discrepancy	6,173				
Total <sup>(e)</sup>	1,754,724		12,041	100.0	

(a) Based on current price GDP. Industry breakdown based on ANZSIC 2006.

(b) Derived from original data on an annual average. Year ended May 2017.

(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.

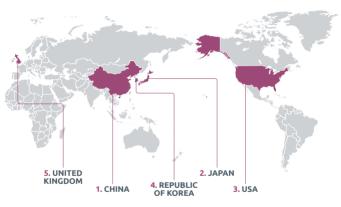
(e) GDP at purchasers' (market) prices is derived by adding Taxes less subsidies on products and statistical discrepancy to Gross value added at basic prices.

Based on ABS catalogues 5206.0, 6202.0 and 6203.0.

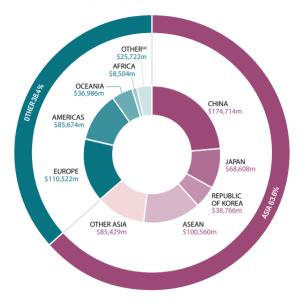
## Profile of Australia's Trade 2016-17

Australia's two way trade in goods and services grew at a strong pace in 2016-17. Two-way trade recorded an 8.7 per cent rise to \$735.5 billion, up from \$676.6 billion in 2015-16, to reach a new record high. Australia's top five trading partners were China, Japan, the United States, the Republic of Korea and the United Kingdom.

Australia's Top 5 Two-Way Trading Partners 2016-17



#### Australia's Two-Way Trade by Region 2016-17



#### Regional breakdowns:

Asia includes Central Asia; Middle East; North Asia; South East Asia and Southern Asia. 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<sup>(a)(b)</sup> 2016-17

(\$ billion)						
Country	Goods	Services	Total	% share		
China	157.2	17.5	174.7	23.8		
Japan	62.9	5.7	68.6	9.3		
United States	42.7	23.8	66.5	9.0		
Republic of Korea	35.5	3.3	38.8	5.3		
United Kingdom	14.0	13.5	27.5	3.7		
New Zealand	16.5	10.3	26.8	3.6		
India	19.6	6.1	25.7	3.5		
Singapore	14.1	10.5	24.7	3.4		
Thailand	18.0	3.8	21.8	3.0		
Germany	16.2	4.4	20.6	2.8		
Total top 10 trading partners	396.8	98.9	495.6	67.4		
Total two-way trade <sup>(c)</sup>	569.5	166.0	735.5			
of which: APEC	428.1	100.6	528.7	71.9		
ASEAN	72.7	27.9	100.6	13.7		
EU28	67.9	31.6	99.5	13.5		
OECD	240.4	80.9	321.3	43.7		
	Country China Japan United States Republic of Korea United Kingdom New Zealand India Singapore Thailand Germany Total top 10 trading partners Total two-way trade <sup>(a)</sup> of which: APEC ASEAN EU28	CountryCoodsChina157.2Japan62.9United States42.7Republic of Korea35.5United Kingdom14.0New Zealand16.5India19.6Singapore14.1Thailand18.0Germany16.2Total top 10 trading partners396.8Total two-way trade <sup>(s)</sup> 569.5of which:APEC428.1428.1ASEAN72.7EU2867.9	Country         Goods         Services           China         157.2         17.5           Japan         62.9         5.7           United States         42.7         23.8           Republic of Korea         35.5         3.3           United Kingdom         14.0         13.5           New Zealand         16.5         10.3           India         19.6         6.1           Singapore         14.1         10.5           Thailand         18.0         3.8           Germany         16.2         4.4           Total top 10 trading partners         396.8         98.9           Total two-way trade <sup>(c)</sup> 569.5         166.0           of which: APEC         428.1         100.6           ASEAN         72.7         27.9           EU28         67.9         31.6	Country         Goods         Services         Total           China         157.2         17.5         174.7           Japan         62.9         5.7         68.6           United States         42.7         23.8         66.5           Republic of Korea         35.5         3.3         38.8           United Kingdom         14.0         13.5         27.5           New Zealand         16.5         10.3         26.8           India         19.6         6.1         25.7           Singapore         14.1         10.5         24.7           Thailand         18.0         3.8         21.8           Germany         16.2         4.4         20.6           Total top 10 trading partners         396.8         98.9         495.6           Total two-way trade <sup>[6]</sup> 569.5         166.0         735.5           of which:         APEC         428.1         100.6         528.7           ASEAN         72.7         27.9         100.6           EU28         67.9         31.6         99.5		

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis.

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

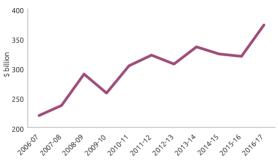
(c) Totals may not add due to rounding.

Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.05.003 and unpublished ABS data.

## Australia's Exports 2016-17

The value of Australian exports rose by 16.8 per cent to \$373.2 billion in 2016-17, largely as a result of a rise in prices of key exports of metal ores, minerals and coal. Australia was the twenty-fourth largest exporter in the world in 2016.

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



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

Based on ABS catalogues 5302.0 & 5368.0.

The composition of Australia's top five export markets remained consistent in 2016-17. China was Australia's largest export destination at 29.6 per cent of total exports. A further 28.8 per cent of total exports went to Japan, the United States, the Republic of Korea and India combined.

### Australia's Top 10 Export Markets<sup>(a) (b)</sup> 2016-17

(\$ billion)						
Rank	Market	Goods	Services	Total	% share	
1	China	95.7	14.7	110.4	29.6	
2	Japan	42.2	2.5	44.6	12.0	
3	Republic of Korea	20.5	2.3	22.8	6.1	
4	United States	12.3	8.5	20.8	5.6	
5	India	15.1	4.1	19.2	5.1	
6	Hong Kong <sup>(c)</sup>	12.9	2.9	15.8	4.2	
7	New Zealand	8.8	5.2	14.0	3.8	
8	United Kingdom	7.3	5.3	12.6	3.4	
9	Singapore	5.8	5.4	11.2	3.0	
10	Taiwan	8.6	1.3	10.0	2.7	
	Total top 10 markets	229.4	52.0	281.4	75.4	
	Total exports <sup>(d)</sup>	291.6	81.6	373.2		
	of which: APEC	234.7	522.0	286.9	76.9	
	ASEAN	29.2	131.0	42.3	11.3	
	EU28	19.0	116.0	30.5	8.2	
	OECD	107.7	325.0	140.3	37.6	

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis.

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

- (c) Special Administrative Region of China.
- (d) Totals may not add due to rounding.

Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.55.003 and unpublished ABS data.

#### Australia's Global Export Ranking 2016

#### 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	2,098	208	2,307	11.1	
2	United States	1,455	752	2,207	10.6	
3	Germany	1,340	273	1,612	7.7	
4	Japan	645	174	819	3.9	
5	Netherlands	570	180	749	3.6	
6	France	501	237	738	3.5	
7	United Kingdom	409	327	737	3.5	
8	Hong Kong <sup>(c)</sup>	517	98	615	3.0	
9	Republic of Korea	495	93	588	2.8	
10	Italy	462	101	563	2.7	
11	Belgium	396	111	507	2.4	
12	Singapore	330	150	479	2.3	
13	Canada	390	81	471	2.3	
14	India	264	162	426	2.0	
15	Switzerland	303	114	418	2.0	
24	Australia	192	58	250	1.2	
	Total exports	15,955	4,879	20,834		

(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 20 Exports 2016-17

Rank	Commodity <sup>(a)</sup>	\$ million	% share 9	% change	
1	Iron ores & concentrates	62,799	16.8	31.4	
2	Coal	54,267	14.5	57.1	
3	Education-related travel services <sup>(b)</sup>	28,035	7.5	16.1	
4	Natural gas	22,299	6.0	34.5	
5	Personal travel (excl education) services	21,651	5.8	4.8	
6	Gold	18,979	5.1	14.4	
7	Aluminium ores & concentrates (incl alumina)	7,529	2.0	10.9	
8	Beef	7,115	1.9	-16.2	
9	Wheat	6,073	1.6	19.2	
10	Crude petroleum	5,150	1.4	-0.7	
11	Professional services	4,840	1.3	-3.5	
12	Copper ores & concentrates	4,551	1.2	-2.4	
13	Technical & other business services	4,194	1.1	10.2	
14	Financial services	3,994	1.1	2.2	
15	Meat (excl beef)	3,832	1.0	5.0	
16	Telecom, computer & information services	3,282	0.9	1.2	
17	Vegetables	3,270	0.9	68.9	
18	Aluminium	3,268	0.9	-4.4	
19	Wool & other animal hair (incl tops)	3,263	0.9	13.6	
20	Copper	3,128	0.8	-12.3	
	Total exports <sup>(c)</sup>	373,240		16.8	

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

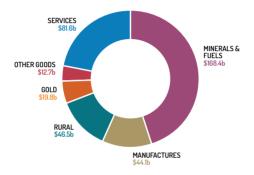
(b) Includes student expenditure on tuition fees and living expenses.

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

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

#### Spread of Australia's Exports

Iron ores and concentrates at \$62.8 billion, coal at \$54.3 billion and natural gas at \$22.3 billion were Australia's first, second and fourth largest exports. Education-related travel services at \$28.0 billion and personal travel (excluding education) services at \$21.7 billion ranked third and fifth respectively.



#### Australia's Exports by Sector<sup>(a)</sup> 2016-17

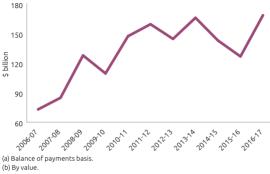
(a) Balance of payments basis.

Based on ABS catalogues 5302.0 & 5368.0.

All export sectors with the exception of manufactures recorded growth in 2016-17. Minerals and Fuels exports grew 33.0 per cent or by \$41.7 billion. Services exports rose by 8.3 per cent or \$6.3 billion. Rural exports increased 7.8 per cent or \$3.4 billion. Gold exports grew by 10.7 per cent or \$1.9 billion while other goods exports rose by 7.6 per cent or \$0.9 million. Manufactures exports decreased by 1.1 per cent or \$0.9 billion.

## **Minerals and Fuels**

Minerals and Fuels exports reached \$168.4 billion and accounted for over 45 per cent of total exports in 2016-17.



Australia's Minerals and Fuels Exports (a)(b)

Based on ABS catalogues 5302.0 & 5368.0.

#### Australia's Top 20 Minerals and Fuels Exports 2016-17

Rank	Commodity <sup>(a)(b)</sup>	\$ million	% share	% change	
1	Iron ores & concentrates	62,799	37.3	31.4	
2	Coal	54,267	32.2	57.1	
3	Natural gas	22,299	13.2	34.5	
4	Aluminium ores & conc (incl alumina)	7,529	4.5	10.9	
5	Crude petroleum	5,150	3.1	-0.7	
6	Copper ores & concentrates	4,551	2.7	-2.4	
7	Other ores & concentrates <sup>(c)</sup>	2,601	1.5	-24.7	
8	Refined petroleum	2,347	1.4	20.3	
9	Precious metal ores & conc (excl gold)	1,673	1.0	3.1	
10	Non-ferrous waste & scrap	1,110	0.7	11.7	
11	Crude minerals, nes	739	0.4	83.8	
12	Ferrous waste & scrap	675	0.4	23.2	
13	Liquefied propane & butane	630	0.4	15.1	
14	Nickel ores & concentrates	241	0.1	-62.4	
15	Stone, sand & gravel	126	0.1	10.1	
16	Natural abrasives	85	0.1	-16.0	
17	Residual petroleum products, nes	19	0.0	47.5	
18	Petroleum gases	15	0.0	177.4	
19	Crude fertilisers	12	0.0	1.3	
20	Uranium or thorium ores & conc	2	0.0	9.1	
	Total minerals & fuels exports <sup>(d)</sup>	168,396		33.0	

(a) Recorded trade basis.

(b) Excludes confidential items of trade.

(c) Mainly Zinc ores & concentrates, Manganese ores & concentrates and Lead ores & concentrates.

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

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

TRADE AND INVESTMENT AT A GLANCE 2017

## Services

Services exports reached \$81.6 billion and accounted for 21.9 per cent of Australia's total exports in 2016-17. The sector continued its growth trend of the past five years.



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

Growth in services exports will be one of the driving forces that fuels Australia's economy beyond our current 26 years of continuous growth.

STEVEN CIOBO, MINISTERFOR TRADE, TOURISM AND INVESTMENT Media Release: Australia's Booming Trade in Services, 11 August 2017

## Australia's Services Exports<sup>(a)</sup> 2016-17

	\$ million	% share	% change
Manufactured services on physical inputs owned by others		0.0	23.5
Maintenance & repair			
Transport	7,533	9.2	8.7
Passenger <sup>(b)</sup>	2,833	3.5	3.3
Freight	296	0.4	3.9
Other	2,884	3.5	7.1
Postal & courier services	1,520	1.9	25.6
Travel	52,745	64.6	10.5
Business	3,059	3.7	4.9
Personal	49,686	60.9	10.9
Education-related	28,035	34.3	16.1
Other personal <sup>(c)</sup>	21,651	26.5	4.8
Other business services	21,282	26.1	3.2
Construction	393	0.5	142.6
Insurance & pension	516	0.6	-7.2
Financial	3,994	4.9	2.2
Intellectual property charges	1,247	1.5	17.2
Telecommunications, computer & information	3,282	4.0	1.2
Other business services	9,927	12.2	2.0
Personal, cultural and recreational	861	1.1	-8.4
Government services	1,062	1.3	4.1
Total services exports	81,642		8.3

(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 catalogues 5302.0 & 5368.0.

TRADE AND INVESTMENT AT A GLANCE 2017

#### Tourism

Tourism is Australia's largest services industry export. In 2016-17, the number of international visitors to Australia increased by 9 per cent to 8.6 million, pushing up international tourism expenditure by 7 per cent to \$40.6 billion.



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

In 2016-17:

- Tourism's direct contribution to GDP rose 6.1 per cent to \$55 billion (3.2 per cent of national GDP).
- Tourism industry exports rose 7.6 per cent to \$37.2 billion (10 per cent of total Australian exports).
- Tourism directly employed 598 200 people or 4.9 per cent of Australia's total employment: one in 20 jobs.

Source: National Tourism Satellite Accounts 2016-17.

#### Australia's International Visitors 2016-17

Ranl	k Country	Number of visitors ('000)	% change	
1	New Zealand	1,353	2.1	
2	China	1,259	9.9	
3	United States	759	14.2	
4	United Kingdom	727	3.2	
5	Singapore	432	3.1	
6	Malaysia	406	13.1	
7	Japan	429	12.7	
8	Republic of Korea	289	12.7	
9	India	280	15.0	
10	Hong Kong <sup>(a)</sup>	259	10.3	
() 0				

(a) Special Administrative Region of China.

Source: Department of Immigration and Border Protection.

#### Australia's Top 10 International Visitor Expenditure Sources 2016-17

Rank	Country	Total trip spend (\$ million)	% change
1	China	9,780	9.8
2	United States	3,776	4.0
3	United Kingdom	3,531	-8.3
4	New Zealand	2,666	0.3
5	Japan	1,752	14.7
6	Republic of Korea	1,515	0.1
7	Singapore	1,462	0.5
8	India	1,431	29.5
9	Malaysia	1,335	11.2
10	Hong Kong <sup>(a)</sup>	1,118	9.7

(a) Special Administrative Region of China.

Source: Tourism Research Australia International visitors in Australia.

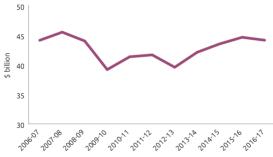
#### Intellectual Property

Australian royalties for intellectual property (IP) services reached \$1.4 billion in exports and \$5.9 billion in imports in 2016-17, with Australia 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

Manufactures exports fell by 1.1 per cent or \$0.5 billion to \$44.1 billion in 2016-17. Manufacturing accounted for over 900,000 jobs in Australia.





(a) Balance of payments basis.

(b) By value.

Based on ABS catalogues 5302.0 & 5368.0.

In 2016-17, Australia's top five manufacturing exports were aluminium, copper, medicaments, aircraft, spacecraft and parts, and telecom equipment and parts.

## Australia's Top 20 Manufactures Exports 2016-17

Rank	Commodity <sup>(a)(b)</sup>	\$ million	% share	% change
1	Aluminium	3,268	7.4	-4.4
2	Copper	3,128	7.1	-12.3
3	Medicaments (incl veterinary)	2,183	4.9	11.3
4	Aircraft, spacecraft & parts	1,802	4.1	-11.6
5	Telecom equipment & parts	1,750	4.0	2.9
6	Medical instruments (incl veterinary)	1,601	3.6	14.6
7	Passenger motor vehicles	1,590	3.6	-18.8
8	Pharm products (excl medicaments)	1,317	3.0	27.5
9	Zinc	1,267	2.9	2.7
10	Lead	1,260	2.9	18.6
11	Misc manufactured articles, nes	1,001	2.3	-0.3
12	Measuring & analysing instruments	935	2.1	-1.2
13	Paper & paperboard	889	2.0	1.8
14	Pigments, paints & varnishes	856	1.9	10.4
15	Specialised machinery & parts	805	1.8	10.9
16	Computers	773	1.8	23.0
17	Vehicle parts & accessories	754	1.7	0.7
18	Pearls & gems	733	1.7	-12.3
19	Civil engineering equipment & parts	723	1.6	-11.5
20	Perfumery & cosmetics (excl soap)	694	1.6	22.0
	Total manufactures exports <sup>(c)</sup>	44,121		-1.1

(a) Recorded trade basis.

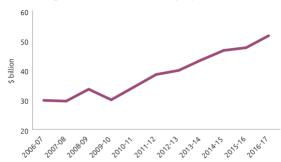
(b) Excludes confidential items of trade.

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

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

## Agriculture

Agricultural exports increased by 8.5 per cent to \$51.6 billion in 2016-17. Australia exported 70 per cent of the value of domestic agricultural production to meet strong international demand.



Australia's Agriculture, Fisheries and Forestry Exports<sup>(a)(b)</sup>

(a) Definition of agriculture, forestry and fisheries includes alcoholic beverages as set out in the WTO International Trade Statistics publication.

#### Based on ABS catalogue 5368.0 and ABS special data services.

Beef was Australia's largest agricultural export at \$7.1 billion in 2016-17, accounting for 13.8 per cent of total agriculture, fisheries and forestry exports. Exports of wheat increased by 19.2 per cent to reach \$6.1 billion, while exports of meat (excl beef) rose by 5.0 per cent to \$3.8 billion and vegetables increased 68.9 per cent to \$3.3 billion.

<sup>(</sup>b) By value.

#### Australia's Top 20 Agriculture, Forestry & Fisheries Exports 2016-17

Rank	Commodity <sup>(a)(b)</sup>	\$ million	% share	% change
1	Beef	7,115	13.8	-16.2
2	Wheat	6,073	11.8	19.2
3	Meat (excl beef)	3,832	7.4	5.0
4	Vegetables	3,270	6.3	68.9
5	Wool & other animal hair (incl tops)	3,263	6.3	13.6
6	Wine	2,612	5.1	9.3
7	Edible products & preparations	2,524	4.9	19.1
8	Sugars, molasses & honey	2,409	4.7	22.9
9	Oil-seeds & oleaginous fruits, soft	2,278	4.4	92.6
10	Barley	2,106	4.1	45.8
11	Cotton	1,787	3.5	40.8
12	Fruit & nuts	1,769	3.4	-5.0
13	Live animals (excl seafood)	1,618	3.1	-18.1
14	Milk, cream, whey & yoghurt	1,239	2.4	-2.7
15	Animal feed	1,148	2.2	-2.9
16	Wood in chips or particles	1,085	2.1	-1.1
17	Crustaceans	988	1.9	-3.5
18	Cheese & curd	848	1.6	-1.3
19	Hides & skins, raw (excl furskins)	777	1.5	-17.3
20	Cereal preparations	728	1.4	1.8
	Total agriculture, forestry & fisheries exports <sup>(c)</sup>	51,643		8.5

(a) Recorded trade basis.

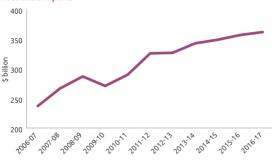
(b) Excludes confidential items of trade except sugar.

(c) Definition of agriculture, forestry and fisheries includes alcoholic beverages as set out in the WTO International Trade Statistics publication.

Based on ABS catalogue 5368.0 and ABS special data services.

## Australia's Imports 2016-17

Australia's imports grew by 1.4 per cent to reach \$362.2 billion in 2016-17. Imports provide competition and improve choice, benefiting consumers and businesses alike. Over the year, import prices decreased by 3.2 per cent while volumes increased by 4.8 per cent. Australia was the world's twenty-second largest importer in 2016.



#### Australia's Imports<sup>(a)(b)</sup>

(a) Balance of payments basis.

(b) By value.

#### Based on ABS catalogues 5302.0 & 5368.0.

The composition of Australia's top five import markets changed in 2016-17. China was Australia's largest import source at 17.7 per cent of total imports. A further 28.4 percent of total imports came from the United States, Japan, Thailand and Germany combined.

Australia's top five imports in 2016-17 were personal travel services (excluding education) at \$37.6 billion, passenger motor vehicles at \$21.8 billion, refined petroleum at \$17.4 billion, telecom equipment and parts at \$12.0 billion and crude petroleum at \$8.6 billion.

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

#### Australia's Top 10 Import Sources (a)(b) 2016-17

(\$ billion)					
Rank	Country	Goods	Services	Total	% share
1	China	61.5	2.8	64.3	17.7
2	United States	30.4	15.3	45.7	12.6
3	Japan	20.7	3.3	24.0	6.6
4	Thailand	14.1	2.6	16.7	4.6
5	Germany	13.6	2.7	16.3	4.5
6	Republic of Korea	15.0	1.0	16.0	4.4
7	United Kingdom	6.7	8.2	14.8	4.1
8	Singapore	8.3	5.2	13.5	3.7
9	New Zealand	7.6	5.1	12.8	3.5
10	Malaysia	10.4	0.9	11.3	3.1
	Total top 10 sources	188.3	47.1	235.4	65.0
	Total imports <sup>(c)</sup>	277.9	84.3	362.2	
	of which: APEC	193.4	48.4	241.7	66.7
	ASEAN	43.5	14.8	58.3	16.1
	EU28	49.0	20.0	69.0	19.1
	OECD	132.5	48.4	180.8	49.9

(a) All data is on a balance of payments basis, except for goods by country which are on a recorded trade basis.

(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-absofficial-trade-data.aspx) for more information and a list of the commodities excluded.

(c) Totals may not add due to rounding.

Based on ABS trade data on DFAT STARS database, ABS catalogue 5368.0.05.003 and unpublished ABS data.

#### Australia's Global Import Ranking 2016

#### 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	2,251	503	2,754	13.1	
2	China	1,587	453	2,040	9.7	
3	Germany	1,055	312	1,367	6.5	
4	United Kingdom	636	199	834	4.0	
5	France	573	236	809	3.8	
6	Japan	607	185	792	3.8	
7	Netherlands	503	169	673	3.2	
8	Hong Kong <sup>(c)</sup>	547	74	622	3.0	
9	Republic of Korea	406	110	517	2.5	
10	Canada	417	97	514	2.4	
11	Italy	404	104	508	2.4	
12	India	359	134	493	2.3	
13	Belgium	367	107	475	2.3	
14	Singapore	283	156	439	2.1	
15	Mexico	398	32	429	2.0	
22	Australia	189	62	251	1.2	
	<b>Total imports</b>	15,955	4,879	21,022		

(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 20 Imports 2016-17

Rank	Commodity <sup>(a)(b)</sup>	\$ million	% share	% change
1	Personal travel (excl education) services	37,582	10.4	3.2
2	Passenger motor vehicles	21,782	6.0	1.1
3	Refined petroleum	17,392	4.8	7.2
4	Telecom equipment & parts	11,967	3.3	1.6
5	Crude petroleum	8,583	2.4	12.6
6	Freight transportation services	8,430	2.3	-14.6
7	Goods vehicles	8,004	2.2	8.9
8	Computers	7,855	2.2	0.5
9	Medicaments (incl veterinary)	7,340	2.0	-4.8
10	Gold	7,240	2.0	19.8
11	Passenger transport services <sup>(c)</sup>	6,789	1.9	5.2
12	Professional services	5,716	1.6	-1.2
13	Ships, boats & floating structures <sup>(d)</sup>	4,801	1.3	420.6
14	Technical & other business services	4,644	1.3	-20.3
15	Charges for intellectual property	4,297	1.2	-9.7
16	Furniture, mattresses & cushions	4,203	1.2	-5.7
17	Business travel services	4,118	1.1	8.9
18	Pharm products (excl medicaments)	3,931	1.1	17.7
19	Telecom, computer & information services	3,553	1.0	-0.9
20	Electrical machinery & parts	3,382	0.9	0.5
	Total imports <sup>(e)</sup>	362,244		

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

(b) Excludes imports of large aircraft which are treated confidentially by the ABS. DFAT estimates aircraft imports would rank within Australia's top 20 imports with a value around \$3.9 billion in 2016-17.

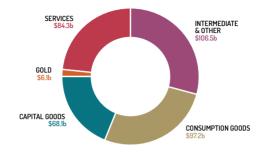
(c) Includes Related agency fees & commissions.

(d) DFAT estimate for 2016-17 only.

(e) Total imports on a balance of payments basis.

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

#### Australia's Imports by Sector<sup>(a)</sup> 2016-17



(a) Balance of payments basis.

Based on ABS catalogues 5302.0 & 5368.0

Intermediate and other goods remained Australia's main import sector, increasing by 0.8 per cent to \$106.5 billion in 2016-17. Imports of gold rose by 23.3 per cent or by \$1.2 billion while capital goods imports grew by 6.1 per cent or \$3.9 billion.

## Australia's Foreign Investment 2016

Two-way investment between Australia and other countries increased by 4.8 per cent to 55.4 trillion in 2016. The composition of Australia's top five two-way investment partners changed in 2016, as China has become a growing source of investment into Australia. The United States, the United Kingdom, Japan, Belgium and China were Australia's top five two-way investment partners. Foreign investment supports higher rates of economic growth, employment and living standards than domestic savings alone can achieve.

Australia's Top 5 Two-Way Investment Partners 2016



The stock of foreign investment in Australia reached \$3.2 trillion in 2016. The major sources of inwards investment into Australia were the United States, the United Kingdom, Belgium, Japan and Hong Kong. China was Australia's seventh largest investor.

#### Australia's Top 10 Investment Sources <sup>(a)</sup> 2016

	(\$ million)			
ntry	Direct investment	Total investment <sup>(c)</sup>		
ed States	195,012	860,918		
ed Kingdom	67,892	515,522		
ium <sup>(d)</sup>	4,026	270,067		
n	90,880	213,500		
g Kong <sup>(e)</sup>	12,089	100,922		
apore	31,242	98,908		
a	41,880	87,246		
nerlands	50,362	74,701		
mbourg	5,913	74,035		
zerland	9,471	59,113		
l all countries	796,072	3,192,422		
hich: APEC	423,849	1,515,688		
ASEAN	43,892	126,946		
EU28	164,822	1,072,240		
OECD	500,704	2,318,454		
	EU28	htyDirect investmented States195,012ed Kingdom67,892ium <sup>(d)</sup> 4,026in90,880g Kong <sup>(e)</sup> 12,089apore31,242a41,880terlands50,362imbourg5,913zerland9,471I all countries796,072hich: APEC423,849ASEAN43,892EU28164,822	Direct investment         Total investment(a)           ed States         195,012         860,918           ed Kingdom         67,892         515,522           ium(a)         4,026         270,067           in         90,880         213,500           g Kong(a)         12,089         100,922           apore         31,242         98,908           a         41,880         87,246           terelands         50,362         74,701           imbourg         5,913         74,035           zerland         9,471         59,113           I all countries         796,072         3,192,422           hich: APEC         423,849         1,515,688           ASEAN         43,892         126,946           EU28         164,822         1,072,240	

(a) Foreign investment in Australia: level of investment (stocks) as at 31 December 2016.

(b) Ranked on level of total investment in Australia.

(c) Includes portfolio investment.

(d) The majority of total investment from Belgium is portfolio investment liabilities in the form of debt securities (Belgium hosts a major clearing house and despository for euro-denominated bonds and other securities, Euroclear).

(e) Special Administrative Region of China.

Source: ABS catalogue 5352.0.

#### Australia's Top 10 Investment Destinations <sup>(a)</sup> 2016

			(\$ million)		
R	ank <sup>(b)</sup>	Country	Direct investment	Total investment <sup>(c)</sup>	
	1	United States	118,912	617,435	
	2	United Kingdom	73,173	350,523	
	3	Japan	np	108,309	
	4	New Zealand	66,604	106,905	
	5	China	13,336	87,861	
	6	Germany	np	65,813	
	7	Singapore	19,772	61,523	
	8	France	2,653	55,057	
	9	Cayman Islands	np	53,227	
	10	Hong Kong <sup>(d)</sup>	4,270	52,942	
		Total all countries	554,874	2,170,810	
		of which: APEC	267,203	1,163,489	
		ASEAN	37,750	97,482	
		EU28	104,911	610,978	
		OECD	303,300	1,508,395	

(a) Australian investment abroad: level of investment (stocks) as at 31 December 2016.

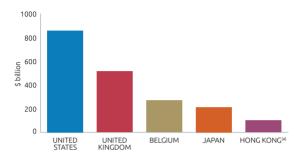
(b) Ranked on total Australian investment abroad.

(c) Includes portfolio investment.

(d) Special Administrative Region of China.

np = not published.

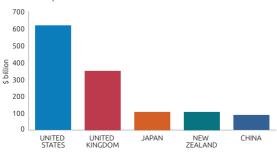
Source: ABS catalogue 5352.0.



#### Australia's Top 5 Total Foreign Investment Sources 2016

(a) Special Administrative Region of China.

Based on ABS catalogue 5352.0.

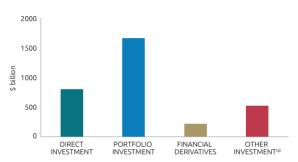


#### Australia's Top 5 Total Investment Abroad Destinations 2016

Based on ABS catalogue 5352.0.

#### Foreign Direct Investment 2016

Foreign investment in Australia (FDI) in 2016 comprised \$796.1 billion worth of foreign direct investment, \$1.7 trillion of portfolio investment and \$736.5 billion of financial derivatives and other investment.

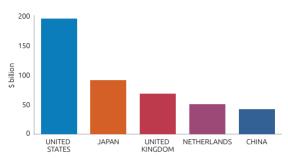


#### Foreign Investment in Australia by Type 2016

(a) Includes loans, trade credit, currency, deposits and reserve assets.

#### Based on ABS catalogue 5352.0.

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. Australia's FDI stock increased by 8.5 per cent in 2016.



#### Australia's Top 5 Foreign Direct Investment Sources 2016

Foreign investment is an essential part of Australia's economy, sustaining our regional communities, and helping our small and medium sized businesses access the capital and opportunities they need to grow. STEVEN CIOBO. MINISTER FOR TRADE, TOURISM AND INVESTMENT Annual Investment Statement to the Parlament: Foreign Investment in Australia 2017: form Strength & Becember 2017

Based on ABS catalogue 5352.0.

#### Australia's Inward Foreign Direct Investment Global Ranking 2016

#### How we compare with the rest of the world

Rank	Country	US\$b	% change	% share	
1	United States	6,391	14.7	23.9	
2	Hong Kong <sup>(a)</sup>	1,591	-0.1	6.0	
3	China	1,354	10.9	5.1	
4	United Kingdom	1,197	-15.0	4.5	
5	Singapore	1,096	1.3	4.1	
6	Canada	956	25.7	3.6	
7	Ireland	840	-3.1	3.1	
8	Netherlands	801	11.4	3.0	
9	Switzerland	793	-5.6	3.0	
10	Germany	771	-2.0	2.9	
11	France	698	1.3	2.6	
12	British Virgin Islands	634	10.3	2.4	
13	Brazil	626	33.5	2.3	
	Australia	576	7.5		
15	Spain	557	-0.1	2.1	
	World inward stock	26,728	4.3		

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

#### OTHER \$166.7h MINING INFORMATION & \$310.6h COMMUNICATION \$22.7h WHOLESALE & RETAIL TRADE \$53.7h FINANCIAL & INSURANCE ACTIVITIES \$66.9h REAL ESTATE ACTIVITIES MANUFACTURING \$91 3h \$841h

#### Australia's Foreign Direct Investment by Industry 2016

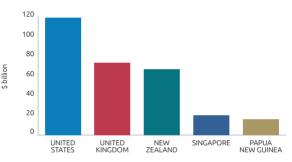
Based on ABS catalogue 5352.0.

FDI in mining increased by 6.0 per cent or \$17.6 billion in 2016. Investment in manufacturing rose 3.6 per cent or \$3.2 billion, while real estate increased by 44.8 per cent or \$26.0 billion.

Foreign direct investment creates new employment opportunities. Foreign companies setting up subsidiaries and creating new businesses in Australia boost jobs and build economic growth. They help drive productivity growth through increased competition in the market and facilitate access to new technologies. Foreign companies often transfer technology to Australia when they invest, making us more innovative and internationally competitive, and provide revenue to the government. Profits of foreignowned companies are taxed, spreading the benefits of these investments to all Australians.

#### Australian Direct Investment Abroad 2016

Australian direct investment abroad (ADI) increased by 3.9 per cent to \$554.9 billion in 2016, making Australia the world's seventeenth-largest direct investor. Australia's major investment destinations were the United States, the United Kingdom, New Zealand and Singapore.



#### Australia's Top 5 Direct Investment Abroad Destinations 2016

Based on ABS catalogue 5352.0.

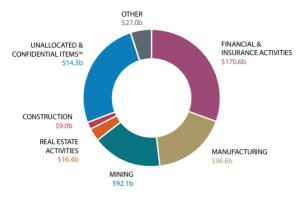
#### Australia's Direct Investment Abroad Global Ranking 2016

#### How we compare with the rest of the world

Rank	Country	US\$b	% change	% share		
1	United States	6,384	6.3	24.4		
2	Hong Kong <sup>(a)</sup>	1,528	-0.2	5.8		
3	United Kingdom	1,444	-7.3	5.5		
4	Japan	1,401	14.2	5.4		
5	Germany	1,365	-0.8	5.2		
6	China	1,281	16.7	4.9		
7	France	1,259	0.4	4.8		
8	Netherlands	1,256	12.4	4.8		
9	Canada	1,220	13.6	4.7		
10	Switzerland	1,131	0.1	4.3		
11	British Virgin Islands	867	12.3	3.3		
12	Ireland	833	-6.2	3.2		
13	Singapore	682	4.7	2.6		
14	Spain	516	5.1	2.0		
15	Italy	460	-1.5	1.8		
	Australia	402	2.9	1.5		
	World outward stock	26,160	2.9			

(a) Special Administrative Region of China.

#### Australia's Direct Investment Abroad by Industry 2016



(a) Amounts either suppressed by confidentiality or not attributable to a specific category.

Based on ABS catalogue 5352.0.

Australian direct investment (ADI) abroad in mining increased 13.5 per cent or by \$10.9 billion in 2016. Investment in financial and insurance activities grew by 3.1 per cent or \$5.1 billion, while real estate increased 2.3 per cent or \$0.4 billion.

## AUSTRALIA'S TRADE AND INVESTMENT FRAMEWORK

## **Economic Diplomacy**

The Australian Government's economic diplomacy program uses Australia's international diplomatic assets to advance our economic and commercial interests and facilitate the global engagement of Australian businesses. Economic diplomacy supports Australian prosperity by helping open new export markets and address trade and investment barriers; maximise flows of productive investment; increase science, technology and innovation links; and advance the global rules-based trading system.

The Department of Foreign Affairs and Trade leads implementation of the program, in partnership with portfolio agencies Austrade, the Australian Centre for International Agricultural Research, Efic and Tourism Australia. We work together with business and collaboratively with state and territory governments.

Prime Minister Malcolm Turnbull, Minister for Foreign Affairs Julie Bishop and Minister for Trade, Tourism and Investment Steven Ciobo launched the 2017 Foreign Policy White Paper on 23 November 2017. The White Paper delivers a comprehensive, long-term framework to secure Australia's future prosperity and security at a time of uncertainty and change. It lays down Australia's commitment to resisting protectionism and advocating for an open global economy, while at the same time working with partners and through global institutions to protect and shape rules that promote economic growth, trade liberalisation and free markets.

The Australian Government will ensure the lowest possible barriers to trade and investment Australian businesses face overseas, including through modern free trade agreements, and will work with Australian businesses to advance our commercial interests in overseas markets. Other measures set out in the White Paper include the development of a stronger 'nation brand' for our commercial, educational and cultural credentials in a competitive global market. The White Paper is available at <u>www.fpwhitepaper.gov.au/</u> Australia has ten bilateral and regional trade agreements in force:

CHINA-AUSTRALIA Free Trade Agreement – 2015

JAPAN-AUSTRALIA Economic Partnership Agreement – 2015

KOREA-AUSTRALIA Free Trade Agreement – 2014

MALAYSIA-AUSTRALIA Free Trade Agreement – 2013

ASEAN-AUSTRALIA-NEW ZEALAND Free Trade Agreement – 2010

AUSTRALIA-CHILE Free Trade Agreement – 2009

AUSTRALIA-UNITED STATES Free Trade Agreement – 2005

THAILAND-AUSTRALIA Free Trade Agreement – 2005

SINGAPORE-AUSTRALIA Free Trade Agreement – 2003

AUSTRALIA-NEW ZEALAND Closer Economic Relations Trade Agreement – 1983



TRADE AND INVESTMENT AT A GLANCE 2017

## Free Trade Agreements

Australia has FTAs with sixteen countries through ten regional and bilateral agreements. FTAs secure improvements in access to overseas markets. By boosting their competitive position, FTAs help Australian businesses expand internationally. Lower import costs can also lead to the availability of a wider range of products at cheaper prices for consumers as well as businesses that need overseas inputs. Australian producers and consumers also benefit from a wider range and cheaper imports.

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.

Australian trade liberalisation over the period 1986 to 2016 has seen Australia become more integrated into the global economy, and more trade orientated. Economic modelling undertaken by the Center for International Economics in its 2017 report 'Australian Trade Liberalisation: Analysis of the Economic Impacts' finds lowering tariffs on goods imports entering Australia over the period 1986 to 2016 has benefitted the Australian economy, with Australia's real Gross Domestic Product (GDP) 5.4 per cent higher in 2016 than it would have been without those reforms. The research also shows average Australian family incomes in 2016 were around \$8400 higher than they would have been without freer trade in goods over the preceding 30 years. You can find the report at http://dfat.gov.au

## Trade Negotiations

Australia's FTAs under negotiation include:

- Australia-Hong Kong Free Trade Agreement
- Australia-India Comprehensive Economic Cooperation Agreement
- · Indonesia-Australia Comprehensive Economic Partnership Agreement
- Pacific Alliance Free Trade Agreement
- Regional Comprehensive Economic Partnership

Australia, the European Council and the European Commission agreed in November 2015 to work towards negotiating a comprehensive, high quality FTA. A joint scoping exercise setting out the scope and ambition of a future FTA was completed in April 2017. Australia-European Union Free Trade Agreement negotiations are planned to start in 2018.

The Trans-Pacific Partnership Agreement was signed by Australia and 11 other TPP countries on 4 February 2016. On 30 January 2017, the United States advised that it would not proceed with TPP ratification, which meant the Agreement could not enter into force in that form. Given the many benefits of the Agreement, TPP ministers tasked officials to assess the options to bring the TPP into force expeditiously among the remaining signatories. In November 2017, TPP-11 countries agreed on the core elements of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). In January 2018, CPTPP countries finalised the deal. The agreement is expected to be signed in March 2018.

The Pacific Agreement on Closer Economic Relations Plus (PACER Plus) opened for signature in June 2017. To date, the Agreement has been signed by Australia, New Zealand and nine Pacific island countries.

Australia and Peru announced the conclusion of the Peru-Australia Free Trade Agreement (PAFTA) on 10 November 2017. Both countries are undertaking domestic treaty making processes to bring PAFTA into force.

The Australian Government is advocating strongly for the resumption of negotiations toward a high-quality FTA between Australia and the Gulf Cooperation Council, comprising the UAE, Saudi Arabia, Bahrain, Kuwait, Oman and Qatar.

Australia is 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. The Trade in Services Agreement (TiSA) is a services-only Agreement under negotiation between 23 WTO members, co-chaired by Australia, the EU and the US. Negotiations are well advanced, but have been on hold in 2017 pending clarity from the US Administration on its position. If concluded, the TiSA could create new export opportunities in key areas of interest to Australian services trade, including education, professional, and financial services.

## FTA Portal

DFAT's FTA Portal enables businesses to explore the benefits under Australia's FTAs with our trading partners. 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 continue to be updated as new agreements come into force. For more information visit <u>www.ftaportal.dfat.gov.au</u>.

## **Global Value Chains**

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 a 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 high quality.

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 pages 50 and 51.

### **Trade Facilitation**

The World Trade Organization 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 may become more streamlined, take less time to be cleared by Customs at foreign ports, and could result in lower costs in many markets.

### Tourism

The Department of Foreign Affairs and Trade is advancing 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 in multilateral fora, including APEC's Tourism Working Group and the OECD's Tourism Committee, in pursuit of these priorities. In close partnership 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

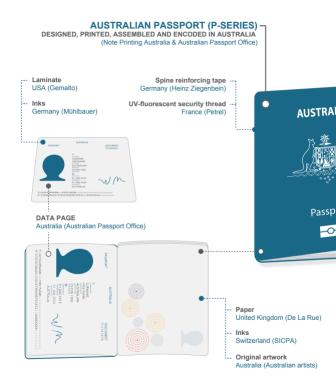
In 2016-17, Australia's two-way merchandise trade with our ongoing bilateral development partnership countries was valued at \$36 billion. Over the past decade since 2006-07, two-way trade has increased by 2.9 per cent per annum. Australia's exports to these countries grew by 3.5 per cent per annum while imports grew by 2.2 per cent per annum in the same period.

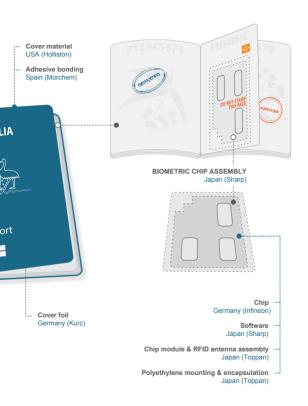
## Market Access for Least Developed Countries

Australia has provided Least Developed Countries (LCD) full duty-free and quota-free access since 2003. LDC exports to Australia increased markedly from \$160.7 million in 2006-07 to \$1.2 billion in 2016-17, averaging 27.2 per cent expansion every year.

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).

### **Global Value Chains in Action**





### INTERNATIONAL TRADE AND INVESTMENT ARCHITECTURE

## WT0

The World Trade Organization 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 trade negotiations in the WTO.

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

Australia also works through the WTO to promote trade capacity building in developing countries. For more information visit <u>www.wto.org</u>



WORLD TRADE ORGANIZATION

## 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 86.4 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 Germany as G20 President in 2017 to advance G20 actions that promote strong trade and economic growth. Australia will be actively engaged in the G20 under the Presidency of Argentina in 2018, and again with future hosts Japan in 2019 and Saudi Arabia in 2020. For more information see <a href="http://www.g20.org/">http://www.g20.org/</a>



### APEC

As the leading economic forum in the Asia-Pacific, the Asia-Pacific Economic Cooperation 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.

In 2016-17, eight of Australia's 10 largest export markets were within APEC, including our top three export markets China, Japan and the Republic of Korea. In 2016-17, nearly 72 per cent of Australia's trade was with APEC members. Peru was the APEC host in 2016, Vietnam in 2017, and Papua New Guinea will host in 2018. For more information see www.apec.org

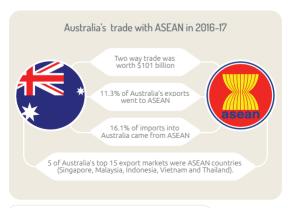


## ASEAN

The Association of Southeast Asian Nations was formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore and Thailand. The grouping later expanded to include Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia. Since its formation ASEAN has successfully promoted political, economic and social cooperation and regional stability. Australia became the first of ASEAN's ten dialogue partners in 1974 and we entered into a Strategic Partnership in 2014 in recognition of the depth and breadth of Australia-ASEAN cooperation over many years.

On 17-18 March 2018, Prime Minister Malcolm Turnbull will welcome the Leaders of the Member States of ASEAN and the Secretary-General of ASEAN to the ASEAN-Australia Special Summit. This will be the first time Australia has hosted a Summit with ASEAN Leaders in Australia. A Business Summit will lead in to the Special Summit.

In 2016-17, total trade with ASEAN countries amounted to \$101 billion, more than with the US and Japan and second only to China. The joint DFAT-Austrade publication ASEAN Now, released in November 2017 provides advice to Australian businesses on key drivers of growth in the region and profiles opportunities in each ASEAN market. You can find the report at <u>www.austrade.gov.au/asean-now/</u>



### OECD

The Organisation for Economic Co-Operation and Development, based in Paris, was established in 1961 to provide a forum for governments to share experiences and seek solutions to common problems. Australia has been an active member of the OECD since 1971.

The OECD provides independent and evidence-based analysis to help improve the economic and social well-being of citizens in its member countries and globally. The OECD relies on persuasion and derives its relevance from the high quality of its analysis. The OECD is a key contributor of information, policy advice and technical analysis to the G20. Australia supports the OECD's efforts to reach out and engage with countries beyond its membership to support its ongoing relevance and influence. For more information visit <u>www.oecd.org</u>



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TASMANIA STATE OFFICE Hobart	03 6238 4099
VICTORIA STATE OFFICE Melbourne	03 9221 5444
WESTERN AUSTRALIA STATE OFFICE Perth	08 9231 4499

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# Australian Government

Department of Foreign Affairs and Trade

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