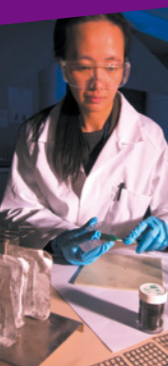




Australian Government

Department of Foreign Affairs and Trade

# TRADE AT A GLANCE 2012





# **TRADE AT A GLANCE 2012**

ISSN 1839-1834 (Print)  
ISSN 1839-1842 (Online)  
ISBN 978-1-74322-060-3 (Booklet)  
ISBN 978-1-74322-062-7 (Web page)  
ISBN 978-1-74322-061-0 (PDF document)

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# MINISTER'S FOREWORD



## **WELCOME TO *TRADE AT A GLANCE 2012*, AN INFORMATIVE AND EASY-TO-FOLLOW SUMMARY OF AUSTRALIA'S TRADE PERFORMANCE.**

Australia is an open and dynamic trading economy. This engagement in global commerce has helped us

become a prosperous nation and left us well-positioned in recent years to weather the worst effects of the global financial crisis.

In 2011, Australia's total exports topped \$300 billion - representing more than 20 per cent of GDP - for the first time. This record performance resulted in an annual trade surplus of more than \$18 billion.

The Australian Government is committed to the pursuit of further trade liberalisation. One in five Australian jobs is related to trade and expanding our international trade will help secure a high-skill, high-wage future.

As Australia's largest two-way trading partner, China signifies the importance of Asia to the Australian economy. The Asian Century presents Australia with the opportunity to tap into the region's rapid economic growth. As part of this, and as a competitive and innovative nation, we need to integrate further into global value chains, which is the focus of the feature article of *Trade at a Glance*.

Foreign investment is also vital to ensure we maximise the opportunities for Australia. It helps drive economic growth, employment and international competitiveness. Policy settings aimed at creating the optimum investment environment are crucial to building our nation's wealth and creating jobs.

I encourage you to read *Trade at a Glance 2012*, and trust you will find it a useful resource.

**The Hon Dr Craig Emerson MP**

Minister for Trade and Competitiveness



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# PROFILE OF AUSTRALIA'S TRADE IN 2011

Australia's two-way trade reached a record \$608.2 billion in 2011.

Minerals and fuels, especially iron ore and coal, played a vital role in Australia's economic success, making up over half of the nation's exports. Australia's total goods and services exports reached \$313.3 billion.

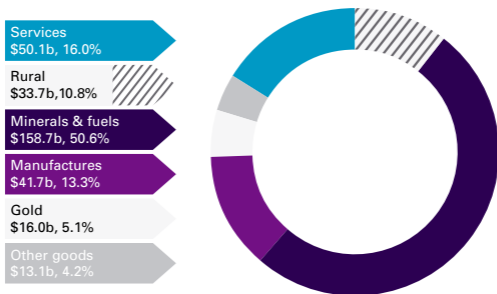
Other leading exports included services such as education and tourism, manufactured goods (including pharmaceuticals and cars) and agricultural produce.

Imports are also integral to the success of the Australian economy, providing crucial inputs to domestic industries. Some key imports in 2011 included crude and refined petroleum, telecom equipment and computers.

China, Japan, the United States and the Republic of Korea were the nation's top four trading partners once again in 2011. Trade largely focused on the Asia-Pacific region, with over 70 per cent taking place with member economies of the Asia-Pacific Economic Cooperation (APEC) group.

## EXPORTS OF GOODS AND SERVICES 2011<sup>(a)</sup>

### Share of exports by sector



(a) Balance of payments basis. **Based on ABS catalogue 5302.0.**



# AUSTRALIA'S TRADE PERFORMANCE IN 2011

Australia's trade in goods and services reached a new high in 2011. Two-way trade grew by 9.9 per cent to \$608.2 billion in 2011, up from \$553.2 billion in 2010.

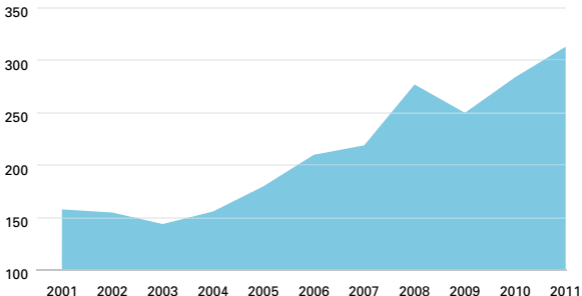
The value of Australia's exports grew 10.2 per cent to a new record of \$313.3 billion. This was driven by strong demand and high prices received for Australia's metal ores, minerals and coal. Over the past year, the value of minerals exports increased by almost 25 per cent to \$86.7 billion.

Australia's manufacturing exports also performed well in 2011, growing by three per cent to \$41.7 billion, despite the challenges posed by the continuing strength of the Australian dollar.

Australia's record export performance resulted in an \$18.3 billion trade surplus in 2011. This is an increase of \$3.1 billion on the surplus recorded in 2010.

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

(\$ billion)



(a) Balance of payments basis. Based on ABS catalogue 5302.0.

# AUSTRALIA'S LEADING EXPORTS (GOODS & SERVICES) 2011<sup>(a)</sup>

	\$ BILLION
Iron ore & concentrates	64.1
Coal	46.8
Gold <sup>(b)</sup>	16.0
Education-related travel services	15.1
Personal travel (excl education) services	11.8
Crude petroleum	11.5
Natural gas	11.1
Wheat	6.1
Aluminium ores & concentrates (incl alumina)	5.4
Copper ores & concentrates	5.4
Beef	4.7
Aluminium	4.7
Copper	3.9
Business travel services	3.6
Technical & other business services	3.4
Medicaments (incl veterinary)	3.3
Professional services	3.2
Refined petroleum	2.9
Wool & other animal hair (incl tops)	2.8
Passenger transport services <sup>(c)</sup>	2.6
<b>TOTAL EXPORTS<sup>(b)</sup></b>	<b>313.3</b>

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

(b) Balance of payments basis. (c) Includes related agency fees and commissions.

**Based on ABS trade data on DFAT STARS database and ABS catalogue 5302.0.**

# AUSTRALIA'S TOP 10 TWO-WAY TRADING PARTNERS 2011

(\$ billion)

	GOODS <sup>(a)</sup>	SERVICES <sup>(b)</sup>	TOTAL <sup>(c)(d)</sup>	% SHARE
1 China	113.6	7.4	121.1	19.9
2 Japan	68.4	4.0	72.5	11.9
3 United States <sup>(e)</sup>	38.1	16.1	54.2	8.9
4 Republic of Korea	30.4	2.2	32.7	5.4
5 Singapore	20.5	7.1	27.7	4.6
6 United Kingdom	14.3	8.7	23.0	3.8
7 New Zealand	15.3	6.3	21.6	3.5
8 India	17.5	2.9	20.3	3.3
9 Thailand	15.2	3.3	18.5	3.0
10 Malaysia	13.1	3.0	16.0	2.6
<b>TOTAL TWO-WAY TRADE<sup>(b)</sup></b>	<b>499.1</b>	<b>109.1</b>	<b>608.2</b>	<b>100.0</b>
of which: APEC <sup>(e)</sup>	367.7	63.9	431.6	71.0
ASEAN10	68.4	19.9	88.4	14.5
EU27 <sup>(c)</sup>	60.0	21.3	81.4	13.4
OECD <sup>(c)(e)</sup>	225.9	55.0	280.9	46.2

(a) Recorded trade basis. (b) Balance of payments basis. (c) Excludes imports of aircraft from regional import total from Sep-08 onwards (excl the United States - see footnote (e)). This has a significant impact on import totals for France. (d) Total may not sum due to rounding.

(e) Based on unpublished ABS data and includes confidential aircraft imports for the US only.

**Based on ABS trade data on DFAT STARS database, ABS catalogues 5302.0. & 5368.0.55.004 and ABS unpublished data.**

# AUSTRALIA'S MAJOR GOODS IMPORTS 2011



GOODS <sup>(a)</sup>	\$ MILLION	% SHARE
Crude petroleum	20,830	8.8
Refined petroleum	14,305	6.1
Passenger motor vehicles	14,159	6.0
Medicaments (incl veterinary)	8,530	3.6
Telecom equipment & parts	8,322	3.5
Computers	6,634	2.8
Goods vehicles	6,153	2.6
Gold <sup>(b)</sup>	5,954	2.5
Civil engineering equipment & parts	4,257	1.8
Furniture, mattresses & cushions	2,780	1.2
Rubber tyres, treads & tubes	2,672	1.1
Vehicle parts & accessories	2,641	1.1
Measuring & analysing instruments	2,634	1.1
Electrical machinery & parts	2,508	1.1
Prams, toys, games & sporting goods	2,352	1.0
Monitors, projectors & TVs	2,290	1.0
Heating & cooling equipment & parts	2,173	0.9
Electronic integrated circuits	2,096	0.9
Ships & boats (incl hovercraft)	2,056	0.9
Plastic articles	2,042	0.9
<b>TOTAL GOODS IMPORTS<sup>(c)</sup></b>	<b>235,932</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Balance of payments basis. (c) Total goods imports on a balance of payments basis. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5302.0.**

# AUSTRALIA'S MAJOR GOODS EXPORTS 2011



GOODS <sup>(a)</sup>	\$ MILLION	% SHARE
Iron ores & concentrates	64,107	24.4
Coal	46,762	17.8
Gold <sup>(b)</sup>	15,971	6.1
Crude petroleum	11,451	4.4
Natural gas	11,084	4.2
Wheat	6,076	2.3
Aluminium ores & concentrates (incl alumina)	5,443	2.1
Copper ores & concentrates	5,441	2.1
Beef	4,684	1.8
Aluminium	4,656	1.8
Copper	3,853	1.5
Medicaments (incl veterinary)	3,278	1.2
Refined petroleum	2,938	1.1
Wool & other animal hair (incl tops)	2,837	1.1
Cotton	2,537	1.0
Confidential mineral ores	2,497	0.9
Meat (excl beef)	2,375	0.9
Alcoholic beverages	2,033	0.8
Zinc ores & concentrates	1,461	0.6
Barley	1,378	0.5
<b>TOTAL GOODS EXPORTS<sup>(c)</sup></b>	<b>263,151</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Balance of payments basis. (c) Total goods exports on a balance of payments basis. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5302.0.**

# AUSTRALIA'S SERVICES IMPORTS 2011<sup>(a)</sup>



SERVICES	\$ MILLION	% SHARE
Manufactured services on physical inputs owned by others	1	0.0
Maintenance & repair	412	0.7
<b>TRANSPORT</b>		
Passenger <sup>(b)</sup>	6,389	10.8
Freight	8,354	14.2
Other <sup>(c)</sup>	313	0.5
Postal & courier services	108	0.2
<b>TOTAL TRANSPORT</b>	<b>15,164</b>	<b>25.7</b>
<b>TRAVEL</b>		
Business	3,020	5.1
Personal	23,072	39.1
> Education-related	910	1.5
> Other personal travel <sup>(d)</sup>	22,162	37.6
<b>TOTAL TRAVEL</b>	<b>26,092</b>	<b>44.2</b>
<b>OTHER</b>		
Construction	0	0.0
Insurance & pension	577	1.0
Financial	867	1.5
Intellectual property charges	3,949	6.7
Telecom, computer & information services	1,902	3.2
Other business services	7,570	12.8
Personal, cultural and recreational	1,579	2.7
Government services	888	1.5
<b>TOTAL OTHER</b>	<b>17,332</b>	<b>29.4</b>
<b>TOTAL SERVICES IMPORTS</b>	<b>59,001</b>	<b>100.0</b>

(a) Balance of payments basis. (b) Passenger services include air transport-related agency fees & commissions. (c) Transportation operation lease fees are included. (d) Outbound tourism for mainly recreational purposes. **Based on ABS catalogue 5302.0.**

# AUSTRALIA'S SERVICES EXPORTS 2011<sup>(a)</sup>



SERVICES	\$ MILLION	% SHARE
Manufactured services on physical inputs		
owned by others	26	0.1
Maintenance & repair	40	0.1
<b>TRANSPORT</b>		
Passenger <sup>(b)</sup>	2,636	5.3
Freight	390	0.8
Other <sup>(c)</sup>	2,231	4.5
Postal & courier services	990	2.0
<b>TOTAL TRANSPORT</b>	<b>6,247</b>	<b>12.5</b>
<b>TRAVEL</b>		
Business	3,561	7.1
Personal	26,922	53.7
> Education-related	15,127	30.2
> Other personal <sup>(d)</sup>	11,795	23.5
<b>TOTAL TRAVEL</b>	<b>30,483</b>	<b>60.8</b>
<b>OTHER</b>		
Construction	74	0.1
Insurance & pension	405	0.8
Financial	1,356	2.7
Intellectual property charges	893	1.8
Telecom, computer & information services	1,686	3.4
Other business services	7,183	14.3
Personal, cultural and recreational	859	1.7
Government services	852	1.7
<b>TOTAL OTHER</b>	<b>13,308</b>	<b>26.6</b>
<b>TOTAL SERVICES EXPORTS</b>	<b>50,104</b>	<b>100.0</b>

(a) Balance of payments basis. (b) Passenger services include air transport-related agency fees & commissions. (c) Transportation operation lease fees are included. (d) Inbound tourism for mainly recreational purposes. **Based on ABS catalogue 5302.0.**

# AUSTRALIA'S GLOBAL EXPORT POSITION

How we compare to the rest of the world 2011 (US \$ billion)

RANK	COUNTRY	GOODS <sup>(a)</sup>	SERVICES <sup>(b)</sup>	TOTAL EXPORTS	% SHARE
1	China	1,899	183	2,081	9.3
2	United States	1,481	600	2,081	9.3
3	Germany	1,474	258	1,731	7.7
4	Japan	823	146	969	4.3
5	Netherlands	660	131	791	3.5
6	France	597	162	759	3.4
7	United Kingdom	473	278	751	3.4
8	Republic of Korea	555	95	650	2.9
9	Italy	523	108	631	2.8
10	Russian Federation	522	55	577	2.6
11	Hong Kong <sup>(c)</sup>	456	121	576	2.6
12	Belgium	476	88	564	2.5
13	Singapore	410	125	535	2.4
14	Canada	452	76	528	2.4
15	India	297	149	446	2.0
16	Spain	297	142	439	2.0
17	Saudi Arabia	365	13	377	1.7
18	Mexico	350	15	365	1.6
19	Taiwan	308	46	354	1.6
20	Switzerland	235	98	333	1.5
21	Australia	271	51	322	1.4
22	United Arab Emirates	285	14	299	1.3
23	Brazil	256	38	294	1.3
24	Thailand	229	41	270	1.2
25	Sweden	187	76	264	1.2
26	Malaysia	227	36	263	1.2
27	Austria	179	60	240	1.1
28	Ireland	127	108	235	1.0
29	Poland	187	37	224	1.0
30	Indonesia	201	21	222	1.0
<b>TOTAL EXPORTS</b>		<b>18,217</b>	<b>4,150</b>	<b>22,367</b>	

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



# AUSTRALIA'S TOP 10 EXPORT MARKETS 2011<sup>(a)</sup>

(\$ billion)

## CHINA

Goods \$71.5 Services \$5.7

## UNITED STATES

Goods \$9.8 Services \$5.1

## JAPAN

Goods \$50.5 Services \$1.9

## UNITED KINGDOM

Goods \$7.5 Services \$3.9

## REPUBLIC OF KOREA

Goods \$23.3 Services \$1.7

## NEW ZEALAND

Goods \$7.7 Services \$3.3

## INDIA

Goods \$15.2 Services \$2.1

## TAIWAN

Goods \$9.1 Services \$0.5

## SINGAPORE

Goods \$6.4 Services \$3.1

## THAILAND

Goods \$6.8 Services \$1.0

## TOTAL EXPORTS

**Goods \$263.5 Services \$50.1 of which:**

**APEC** Goods \$208.1 Services \$30.4 **ASEAN10** Goods \$26.8 Services \$8.5

**EU27** Goods \$19.6 Services \$8.3 **OECD** Goods \$115.5 Services \$22.5

(a) Goods figures recorded trade basis; services figures balance of payments basis.  
Based on ABS trade data on DFAT STARS database and ABS catalogues 5302.0 and 5368.0.55.004.

# AUSTRALIA'S GLOBAL IMPORT POSITION

How we compare to the rest of the world 2011 (US \$ billion)

RANK	COUNTRY	GOODS <sup>(a)</sup>	SERVICES <sup>(b)</sup>	TOTAL IMPORTS	% SHARE
1	United States	2,265	412	2,677	12.0
2	China	1,743	238	1,981	8.9
3	Germany	1,254	285	1,539	6.9
4	Japan	854	167	1,021	4.6
5	France	715	142	856	3.8
6	United Kingdom	636	178	814	3.6
7	Netherlands	597	119	716	3.2
8	Italy	557	116	673	3.0
9	Republic of Korea	524	99	624	2.8
10	India	451	131	582	2.6
11	Hong Kong <sup>(c)</sup>	511	56	567	2.5
12	Canada	462	101	563	2.5
13	Belgium	461	82	543	2.4
14	Singapore	366	111	476	2.1
15	Spain	362	92	454	2.0
16	Russian Federation	323	92	415	1.9
17	Mexico	361	30	391	1.7
18	Taiwan	281	42	323	1.4
19	Brazil	237	76	313	1.4
20	Australia	244	60	304	1.4
21	Thailand	228	51	279	1.2
22	Turkey	241	21	262	1.2
23	Switzerland	208	47	255	1.1
24	United Arab Emirates	205	45	250	1.1
25	Poland	208	30	238	1.1
26	Austria	192	45	236	1.1
27	Sweden	175	56	231	1.0
28	Malaysia	188	38	225	1.0
29	Indonesia	176	32	209	0.9
30	Saudi Arabia	112	78	190	0.9
<b>TOTAL IMPORTS</b>		<b>18,381</b>	<b>3,974</b>	<b>22,355</b>	

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

# AUSTRALIA'S TOP 10 IMPORT SOURCES 2011<sup>(a)</sup>

(\$ billion)

## CHINA

Goods \$42.1 Services \$1.8

## UNITED STATES<sup>(b)</sup>

Goods \$28.3 Services \$10.9

## JAPAN

Goods \$18.0 Services \$2.1

## SINGAPORE

Goods \$14.1 Services \$4.0

## GERMANY

Goods \$10.6 Services \$1.4

## UNITED KINGDOM

Goods \$6.7 Services \$4.8

## THAILAND

Goods \$8.4 Services \$2.3

## NEW ZEALAND

Goods \$7.6 Services \$3.0

## MALAYSIA

Goods \$8.6 Services \$1.3

## INDONESIA

Goods \$5.9 Services \$2.3

## TOTAL IMPORTS

Goods \$235.9 Services \$59.0 of which:

**APEC<sup>(b)</sup>** Goods \$159.6 Services \$33.5 **ASEAN10** Goods \$41.6 Services \$11.4

**EU27<sup>(c)</sup>** Goods \$40.4 Services \$13.1 **OECD<sup>(b)</sup>** Goods \$110.4 Services \$32.5

(a) Goods figures recorded trade basis; services figures balance of payments basis.

(b) Based on unpublished ABS data and includes confidential aircraft imports for the US only.

(c) Excludes imports of aircraft from regional import totals from Sep-08 onwards (excl the US - see (b))

# FOREIGN INVESTMENT IN AUSTRALIA 2011<sup>(a)</sup>

(\$ million)

COUNTRY	LEVEL OF DIRECT INVESTMENT IN AUSTRALIA	LEVEL OF TOTAL INVESTMENT IN AUSTRALIA
United States	122,379	555,868
United Kingdom	69,747	470,846
Japan	52,334	123,410
Singapore	19,966	48,709
Netherlands	32,870	43,706
Switzerland	23,005	42,281
Hong Kong <sup>(b)</sup>	6,714	39,416
New Zealand	5,980	29,707
Canada	17,326	25,048
Luxembourg	2,344	23,542
<b>TOTAL ALL COUNTRIES</b>	<b>507,360</b>	<b>2,030,032</b>
Of which: APEC	249,764	891,925
ASEAN10	27,724	79,263
EU27	143,434	637,176
OECD	367,790	1,420,183

(a) Foreign investment in Australia: level of investment (stocks) as at 31 December 2011, by selected country and country group. (b) Special Administrative Region of China.

Source: ABS catalogue 5352.0.

# AUSTRALIAN INVESTMENT ABROAD 2011<sup>(a)</sup>

(\$ million)

COUNTRY	LEVEL OF DIRECT INVESTMENT ABROAD	TOTAL AUSTRALIAN INVESTMENT ABROAD
United States	97,854	410,612
United Kingdom	52,105	192,944
New Zealand	40,159	74,267
Canada	23,295	43,476
Germany	7,394	36,260
Japan	281	34,595
France	491	27,245
Netherlands	4,598	26,875
Singapore	7,061	21,350
Hong Kong <sup>(b)</sup>	3,865	20,386
<b>TOTAL ALL COUNTRIES</b>	<b>338,934</b>	<b>1,175,380</b>
Of which:		
APEC	209,176	676,904
ASEAN10	17,801	41,826
EU27	75,705	356,141
OECD	247,671	929,597

(a) Australian investment abroad: level of investment (stocks) as at 31 December 2011, by selected country and country group. (b) Special Administrative Region of China.

Source: ABS catalogue 5352.0.

# THE AUSTRALIAN ECONOMY

The Australian economy remains one of the strongest developed economies in the world. While most other advanced economies are struggling, Australia has grown by about 10 per cent since the start of the Global Financial Crisis. In 2011 Australia's economic growth was 2.2 per cent and the average unemployment rate was one of the lowest in the Organisation for Economic Co-operation and Development (OECD) at 5.1 per cent. Despite continuing international uncertainty, Australia's economic prospects remain positive, with low public debt, low unemployment, contained inflation and continuing strong business investment.

The strong performance of the Australian economy is due to a number of factors, including:

- > the Government's responsible fiscal management, with a commitment to deliver a budget surplus for the 2012-13 financial year;
- > robust economic institutions, in particular a strong and independent financial sector and an effective regulatory system – four of the world's nine most highly rated banks are Australian;
- > a flexible and open trade and investment environment, supported by well-targeted economic policies encouraging business growth and innovation;
- > a business-friendly regulatory environment, making Australia a cost competitive place for businesses to locate their operations; and
- > strong trade and economic links with the emerging economies of Asia, the powerhouse of global economic growth, helping to support growth and employment in Australia.

On 1 July 2012, the Government introduced two structural reforms to ensure continued economic success: the Mineral Resource Rent Tax (MRRT) and carbon pricing. The MRRT will help to spread the benefits of the Australian mining boom across the economy. Carbon pricing will create incentives for business to invest in clean technology or find less energy-intensive ways of operating. This will enable the economy to adapt to a clean energy future, while sustaining strong economic growth.



# AUSTRALIA'S INDUSTRY STRUCTURE 2011

	GROSS VALUE ADDED <sup>(a)</sup>		EMPLOYED PERSONS <sup>(b)</sup>	
	\$M	% SHARE <sup>(c)</sup>	'000	% SHARE
Agriculture, forestry & fishing	29,901	2.4	328.1	2.9
Mining	98,666	7.9	222.7	1.9
Manufacturing	105,877	8.5	967.6	8.5
Services	906,554	72.6	9,880.5	86.4
Electricity, gas, water & waste	28,672	2.3	151.6	1.3
Construction	104,914	8.4	1,037.7	9.1
Wholesale trade	56,501	4.5	418.4	3.7
Retail trade	59,139	4.7	1,231.4	10.8
Accommodation & food services	30,663	2.5	785.2	6.9
Transport, postal & warehousing	68,478	5.5	585.4	5.1
Information, media & telecommunications	42,709	3.4	210.1	1.8
Finance & insurance	129,757	10.4	423.6	3.7
Rental, hiring & real estate	26,841	2.2	199.1	1.7
Professional, scientific & technical	87,769	7.0	870.3	7.6
Administrative & support	31,369	2.5	403.3	3.5
Public administration & safety	66,726	5.3	723.7	6.3
Education & training	59,516	4.8	858.9	7.5
Health care & social assistance	79,081	6.3	1,317.4	11.5
Arts & recreation	11,552	0.9	212.2	1.9
Other services	22,867	1.8	452.5	4.0
Ownership of dwellings	107,412	8.6		
<b>Gross value added at basic prices<sup>(d)</sup></b>	<b>1,248,413</b>	<b>100.0</b>		
Taxes less subsidies on products	91,295			
Statistical discrepancy <sup>(e)</sup>	-4,407			
<b>TOTAL<sup>(d)</sup></b>	<b>1,335,303</b>		<b>11,436</b>	<b>100.0</b>

(a) The term is used to describe gross product by industry and by sector (Chain Volume Measures reference year 2009-10). Industry breakdown based on ANZSIC 2006. (b) Derived from seasonally adjusted data on an annual average. (c) As a share of GDP at basic prices. (d) Basic prices are amounts received by producers, including the value of any subsidies on products, but before any taxes on products. GDP at purchasers' (market) prices is derived by adding taxes less subsidies on products to gross value added at basic prices. (e) Production approach. **Based on ABS catalogues 5206.0, 6202.0 and 6203.0.**



# KEY ECONOMIC INDICATORS AUSTRALIA

		2001	2009	2010	2011
<b>DEMAND AND PRODUCTION - CHAIN VOLUME MEASURES, REFERENCE YEAR 2009-10</b>					
Gross domestic product <sup>(a)</sup>	% change	2.8	1.5	2.4	2.2
Exports of goods & services <sup>(a)</sup>	% change	2.8	2.4	5.4	-1.3
Imports of goods & services <sup>(a)</sup>	% change	-4.5	-8.6	14.3	11.2
<b>LABOUR FORCE</b>					
Population <sup>(b)</sup>	'000	19,534	21,929	22,183	22,485
Labour force	'000	9,746	11,602	11,868	12,050
Employed persons	'000	9,088	10,953	11,247	11,435
– Annual growth	%	1.1	0.7	2.7	1.7
Unemployment rate	%	6.8	5.6	5.2	5.1
<b>PRICES AND INTEREST RATES</b>					
Consumer prices	% change	3.1	2.1	2.7	3.1
Interest rates - 90 day bills <sup>(c)</sup>	% pa	4.9	3.4	4.7	4.8

(a) Derived from annual movements in original data. (b) At end of period. (c) Annual average.  
**Based on Australian Bureau of Statistics and Reserve Bank, various catalogues.**

## GLOBAL VALUE CHAINS

Have you ever considered how a modern plane is constructed? The new Boeing 787 Dreamliner is assembled in the United States using components built around the world. The centre fuselage is from Italy, the mid-forward fuselage is from Japan, the Rolls Royce engines are from the United Kingdom and a vital wing component - the moveable trailing edge - is designed and produced in Melbourne at Boeing Aerospace Australia. Bringing all these parts together to build a Boeing 787 Dreamliner is an example of a global value chain (GVC) in action.

A 'value chain' is the full range of activities involved in designing, producing and delivering a good or service. The nature of trade has transformed in recent decades with value chains becoming 'global' and activities divided across borders. The OECD estimates that more than half of the value of world exports today relates to products traded as part of GVCs.

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

- > information technology changes, particularly in communications;
- > differences in costs of production between countries (eg. Asia's cost advantage in manufacturing);
- > lower trade and transport costs, making it relatively cheap to bring components from all around the world to make a single product; and
- > better international logistics, allowing companies to manage these complex GVCs.

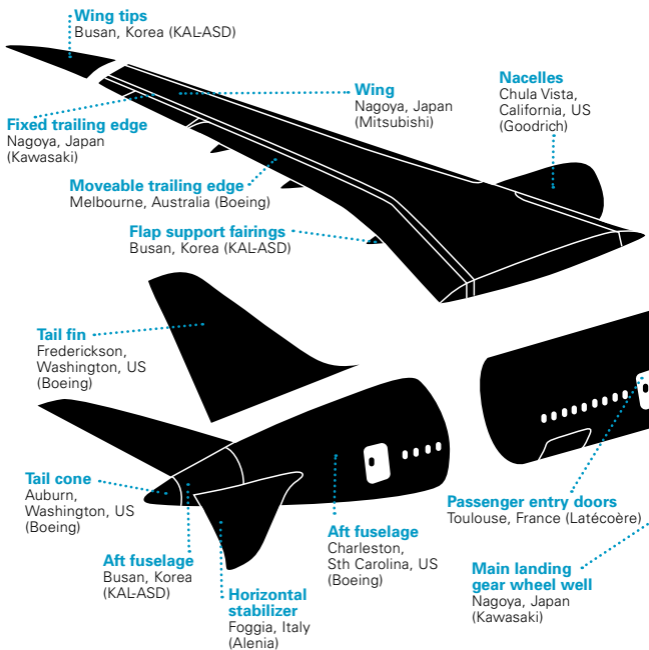


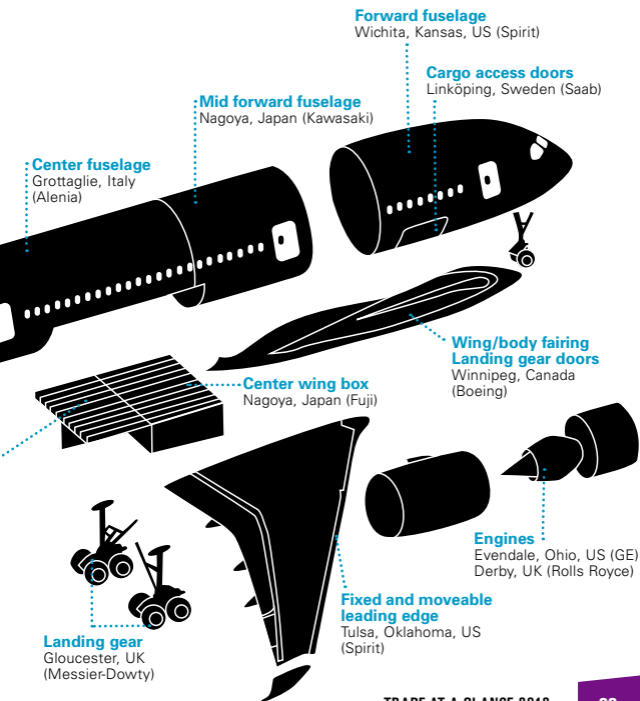
## THE IMPORTANCE OF GVCs IN TRADE TODAY

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

Active involvement in GVCs brings great benefits to Australia, as seen in the example of the Boeing 787 Dreamliner. This is Australia's largest aerospace contract to date, worth approximately \$4 billion over 20 years, and it has secured high-quality jobs for Australians. So that Australia can continue to be a successful trading nation into the future, we need to keep up our trade-related reform and efforts to enhance the competitiveness of our economy. This will allow Australia to integrate further with GVCs, leading to greater levels of economic growth and employment.

# PARTNERS ACROSS THE GLOBE ARE BRINGING THE 787 TOGETHER





# AUSTRALIA'S TRADE POLICY

## TRADING OUR WAY TO MORE JOBS AND PROSPERITY

The Government's vision for the nation is of a prosperous, innovative and sustainable Australia, providing opportunity for all. International trade contributes to the fulfilment of that vision by increasing productivity and international competitiveness, creating a high-skill, high-wage workforce and building national prosperity.

With these objectives in mind, the Government's trade policy statement, *Trading our way to more jobs and prosperity*, released by the Minister for Trade and Competitiveness Dr Craig Emerson on 12 April 2011, sets out five guiding principles:

- > unilateralism – a commitment to the pursuit of ongoing, trade-related economic reform without waiting for other countries to reform their own economies;
- > non-discrimination – Australia will not seek exclusive or entrenched preferential access to other countries' markets;
- > separation – foreign policy considerations will not override trade policy assessments in determining the choice of negotiating partners and consideration of proposed trade deals;
- > transparency – the public will be kept well informed about the progress of trade negotiations and will have the opportunity to provide input; and
- > the indivisibility of trade policy and wider economic reform – domestic economic reform, improved international competitiveness and increased market access work together to create jobs and prosperity.

Consistent with these principles the Government will continue to pursue improved market access for Australian exporters in global markets. The number one priority is to achieve multilateral trade outcomes through the World Trade Organization (WTO). At the regional level, the Government will continue to pursue trade liberalisation through APEC and other regional trade arrangements. The Government will also pursue high-quality, comprehensive bilateral free trade agreements, where these will benefit both Australia and our trading partners.

## AUSTRALIA AND THE WTO

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

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

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



# AGRICULTURAL TRADE

The Australian Government is committed to the WTO agriculture negotiations, as this sector remains one of the most highly protected. Positive outcomes in these negotiations will be of great benefit as Australia exports around 60 per cent of its agricultural production. In the WTO agriculture negotiations, Australia's key objectives are to achieve a substantial improvement in market access; deep cuts to trade-distorting farm subsidies; and the elimination of all forms of agricultural export subsidies. Our active engagement in the WTO committee process, together with our involvement in WTO disputes, helps ensure that other countries are abiding by the existing trade rules for agriculture.

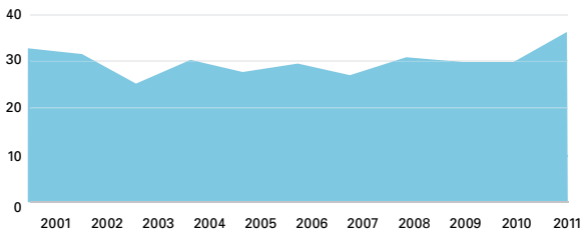
Australia is chair of the WTO Cairns Group coalition of 19 agricultural exporting countries. The Cairns Group brings together a diverse range of developed and developing countries from Latin America, Africa and the Asia-Pacific region, and has been an influential voice in the agricultural reform debate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

## MEMBERS OF THE CAIRNS GROUP

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

## AUSTRALIA'S AGRICULTURAL EXPORTS

(\$ billion)



Based on ABS trade data on DFAT STARS database;  
ABS Special Data Service.



## AUSTRALIA'S TOP AGRICULTURAL EXPORTS<sup>(a)</sup> 2011

RANK	COMMODITY <sup>(b)</sup>	\$ MILLION	% SHARE
1	Wheat	6,076	16.3
2	Beef	4,684	12.6
3	Wool & other animal hair (incl tops)	2,837	7.6
4	Cotton	2,537	6.8
5	Meat (excl beef)	2,375	6.4
6	Wine	1,922	5.2
7	Sugars, molasses & honey	1,428	3.8
8	Barley	1,378	3.7
9	Oil-seeds & oleaginous fruits, soft	1,287	3.4
10	Milk, cream, whey & yoghurt	1,210	3.2
11	Animal feed	1,074	2.9
12	Live animals (excl seafood)	1,071	2.9
13	Vegetables	959	2.6
14	Hides & skins, raw (excl furskins)	850	2.3
15	Edible products & preparations	788	2.1
16	Wood in chips or particles	775	2.1
17	Cheese & curd	754	2.0
18	Crustaceans	683	1.8
19	Cereal preparations	640	1.7
20	Fruit & nuts	534	1.4
<b>TOTAL AGRICULTURAL EXPORTS</b>		<b>37,319</b>	<b>100.0</b>

(a) Based on the WTO definition of agriculture, which includes alcoholic beverages.

(b) Recorded trade basis.

**Based on ABS trade data on DFAT STARS database; ABS Special Data Service.**

## NON-AGRICULTURAL TRADE

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

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

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

## TRADE FACILITATION

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

Studies by the OECD, World Bank and European Union have shown there would be significant gains to world trade from a trade facilitation agreement, with the majority of these benefits accruing to developing and least developed countries.

## INTELLECTUAL PROPERTY

Australia is a trading nation with a strong research tradition and a need for access to new technologies. Trade in royalties for intellectual property for Australia in 2011 was \$1.1 billion (exports) and \$5.2 billion (imports). The Government supports Australia's innovative industries and exporters by negotiating balanced international arrangements for the protection and use of intellectual property.

## SERVICES TRADE

The Government is working hard to achieve better access for Australia's services exports. Australia is playing a leading role in promoting services trade through the WTO as well as by expanding market access for our services exports through comprehensive free trade agreements. The Government continues to look for ways to broaden existing liberalisation efforts and build on those efforts in a multilateral setting.

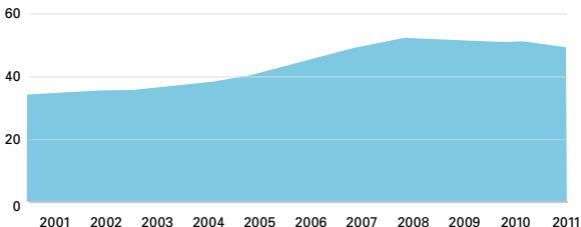
In particular, the Government is aiming to liberalise foreign equity caps on overseas investments, improve regulatory transparency, and make it easier for business people to pursue opportunities in foreign markets through improved business mobility.

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

Australia is also active in promoting regulatory reform and services market access through APEC. In 2011 Australia led efforts to facilitate services trade through the APEC Accounting Services Initiative. Australia also sponsored the APEC Services Trade Access Requirements (STAR) Database. This business-friendly online resource has become a vital tool for services exporters in Australia and across the APEC region.

### AUSTRALIA'S SERVICES EXPORTS

(\$ billion)



Based on ABS catalogue 5302.0.

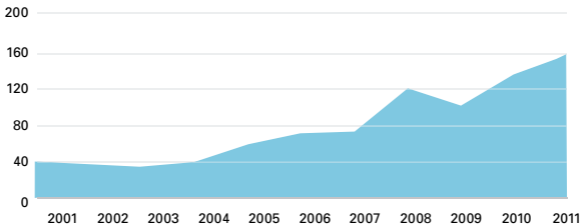
# AUSTRALIA'S TOP MINERALS AND FUELS EXPORTS 2011

RANK	COMMODITY <sup>(a)</sup>	\$ MILLION	% SHARE
1	Iron ores & concentrates	64,107	40.4
2	Coal	46,762	29.5
3	Crude petroleum	11,451	7.2
4	Natural gas	11,084	7.0
5	Aluminium ores & conc (incl alumina)	5,443	3.4
6	Copper ores & concentrates	5,441	3.4
7	Other ores & concentrates	4,556	2.9
8	Refined petroleum	2,938	1.9
9	Confidential mineral ores	2,497	1.6
10	Nickel ores & concentrates	1,241	0.8
11	Precious metal ores & conc (excl gold)	1,194	0.8
12	Liquefied propane & butane	962	0.6
13	Non-ferrous waste & scrap	926	0.6
14	Ferrous waste & scrap	867	0.5
15	Crude minerals	271	0.2
16	Coke & semi-coke	255	0.2
17	Stone, sand & gravel	102	0.1
18	Natural abrasives	38	0.0
19	Residual petroleum products	9	0.0
20	Crude fertilisers	4	0.0
<b>TOTAL MINERALS &amp; FUELS EXPORTS<sup>(b)</sup></b>		<b>158,657</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Total minerals and fuels exports on a balance of payments basis. **Based on ABS trade data on DFAT STARS database and ABS catalogue 5302.0.**

## AUSTRALIA'S MINERALS AND FUELS EXPORTS

(\$ billion)



Based on ABS catalogue 5302.0.



# AUSTRALIA'S TOP MANUFACTURES EXPORTS 2011

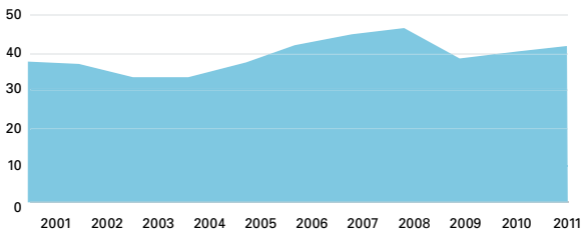
RANK	COMMODITY <sup>(a)</sup>	\$ MILLION	% SHARE
1	Aluminium	4,656	11.2
2	Copper	3,853	9.2
3	Medicaments (incl veterinary)	3,278	7.9
4	Passenger motor vehicles	1,352	3.2
5	Aircraft, spacecraft & parts	1,099	2.6
6	Measuring & analysing instruments	993	2.4
7	Zinc	968	2.3
8	Lead	929	2.2
9	Medical instruments (incl veterinary)	908	2.2
10	Telecom equipment & parts	892	2.1
11	Civil engineering equipment & parts	858	2.1
12	Specialised machinery & parts	812	1.9
13	Uncoated flat-rolled iron & steel	775	1.9
14	Pigments, paints & varnishes	757	1.8
15	Vehicle parts & accessories	732	1.8
16	Paper & paperboard	685	1.6
17	Nickel	647	1.6
18	Jewellery	615	1.5
19	Misc manufactured articles	613	1.5
20	Computer parts & accessories	608	1.5
<b>TOTAL MANUFACTURES EXPORTS<sup>(b)</sup></b>		<b>41,663</b>	<b>100.0</b>

(a) Recorded trade basis. (b) Total manufactures exports on a balance of payments basis.  
**Based on ABS trade data on DFAT STARS database and ABS catalogue 5302.0.**



## AUSTRALIA'S MANUFACTURES EXPORTS

(\$ billion)



Based on ABS catalogue 5302.0.

# FREE TRADE AGREEMENTS

The Government is pursuing WTO-consistent, high-quality, comprehensive free trade agreements (FTAs) with key trading partners, where they offer net benefits to Australia and are supportive of global trade liberalisation.

## AUSTRALIA HAS CONCLUDED SEVEN FTAS:

- > Malaysia-Australia Free Trade Agreement (MAFTA) 2012 (subject to domestic approval processes)
- > ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) 2010
- > Australia-Chile Free Trade Agreement (ACIFTA) 2009
- > Australia-United States Free Trade Agreement (AUSFTA) 2005
- > Thailand-Australia Free Trade Agreement (TAFTA) 2005
- > Singapore-Australia Free Trade Agreement (SAFTA) 2003
- > Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) 1983

## AUSTRALIA IS UNDERTAKING FTA NEGOTIATIONS WITH:

- > China
- > The Gulf Cooperation Council (Saudi Arabia, Qatar, Bahrain, Oman, Kuwait, United Arab Emirates)
- > India
- > Indonesia
- > Japan
- > Republic of Korea
- > Trans-Pacific Partnership members (Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, USA, Vietnam)



## AUSTRALIA'S FREE TRADE AGREEMENTS SHOULD:

- > be fully consistent with WTO principles and rules, deliver WTO-plus outcomes and reinforce the multilateral trading system;
- > be comprehensive and genuinely liberalising, eliminating or substantially reducing barriers to goods and services trade and investment;
- > deliver a substantial net economic benefit to Australia;
- > be negotiated in a way that ensures the public is well informed about trade negotiations and has an opportunity for input;
- > avoid entrenching preferential market access, while ensuring that Australian exporters and investors have an opportunity to compete on terms as favorable as anyone else's; and
- > not delay domestic economic reform.

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



# AUSTRALIA AND THE G20

Australia is a founding member of the Group of Twenty (G20), the premier forum for international economic cooperation. The G20 consists of 19 countries and the European Union.

The G20 played a key role in responding to the global financial crisis of 2008-2009, helping to avert a global depression. The decisive and coordinated actions of the G20 boosted consumer and business confidence and supported the first signs of economic recovery.

Recently, the focus of the G20 has shifted towards addressing new vulnerabilities to the global economy arising from the Eurozone sovereign debt crisis. Mexico is the current chair of the G20, and hosted the G20 Leaders' Summit in Los Cabos in June 2012.

Following Russia's host year in 2013, Australia will host the G20 in 2014. This will give Australia the opportunity to continue to pursue its agenda of restoring global economic growth and jobs, pressing for further trade liberalisation and achieving global sustainable development. Australia is committed to consulting non-G20 members so that their views are considered and G20 decisions can benefit all economies.

## G20 MEMBERS

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

## G20 COUNTRIES MAKE UP:

- > 87 per cent of global GDP
- > 77 per cent of world trade
- > 65 per cent of world population

## TRADE WITH OUR REGION: APEC

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

The Russian Federation is the current APEC host, with Indonesia to take over the role in 2013 and China in 2014.

- > APEC's goal is to achieve free and open trade and investment in the region by 2020.
- > Since 1989, average applied tariffs in the APEC region have fallen from 16.9 to 5.8 per cent.
- > Eight of Australia's 10 largest export markets are within APEC, including our top three export markets — China, Japan and the Republic of Korea.
- > APEC has 21 member economies which account for 44 per cent of world trade and 71 per cent of Australia's total trade.
- > Most recent APEC achievements include an agreement on a list of environmental goods for tariff reduction by 2015, as well as a new program of work on higher education cooperation.

### MEMBERS OF APEC

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

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

# THE BENEFITS OF FOREIGN INVESTMENT

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

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

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

# TRADE LIBERALISATION AND JOBS

Trade liberalisation has been at the heart of Australian Government policy for the past 30 years. Australia now has limited tariff and import restrictions on most of our traded goods sectors and low barriers to most services trade - initiatives that have bolstered the strength of our economy.

This process has opened the economy to greater volumes of trade, increasing productivity, accelerating economic growth and making the economy more flexible and dynamic. Australia's economic strength and resilience during the recent global economic turbulence was in part a result of Australia's trade liberalisation reforms.

The OECD's International Collaborative Initiative on Trade and Employment (ICITE) recently published a report on the relationship between trade and jobs. It found that trade creates jobs, increases real incomes and enhances productivity.

The ICITE determined that more liberalised economies most notably out-performed closed economies in terms of pay. Workers in the manufacturing sector of liberal economies benefitted from pay rates that were between three and nine times greater (depending on the region) than in closed economies. Besides driving wages up, trade also positively affects incomes by lowering prices of goods and services because of increased competitive pressures.

These benefits of liberalisation have occurred in Australia. A Centre for International Economics study determined that there has been an increase in real income of up to \$3,900 per year for the average Australian family due to the trade liberalisation agenda since 1988. The study also found that, in Australia alone, over 2 million jobs in today's workforce are related to trade, further illustrating the importance of trade liberalisation for Australia.



# NOTES



# DFAT HAS A NETWORK OF OFFICES AROUND THE COUNTRY

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