



Australia's two-way trade surpasses A\$570 billion mark

Australia's integration with the world economy, particularly with the dynamic Asia-Pacific region, continues to drive wealth creation and growth. Australia's two-way trade now accounts for more than 40 per cent of GDP with a total value of A\$574 billion in FY2010-11. This is up sharply from A\$407 billion five years ago. Australia's trade with Asia-Pacific Economic Cooperation (APEC) economies is strong with a total value of more than A\$400 billion; this accounts for 70 per cent of Australia's total exports and import bills. Nine of Australia's 10 largest trading partners are APEC member countries.

- ▶ The value of Australia's exports of goods and services rose by 17 per cent to A\$298 billion in FY2010-11 – about 21 per cent of GDP. Australia's exports have grown by a compound annual growth rate (CAGR) of 8.7 per cent since FY2005-06. This impressive result is primarily due to strong demand in Asia for Australia's minerals and fuels. Australia's top two export items, iron ore and coal, were valued at A\$102 billion accounting for 34 per cent of Australia's total exports.
- ▶ The value of Australia's imports of goods and services increased by 7 per cent to A\$277 billion in FY2010-11 – about 20 per cent of GDP. Australia's imports have grown by a CAGR of 5.6 per cent since FY2005-06. Personal travel (excluding education) services and crude petroleum were Australia's top import items, with a total combined bill of A\$41 billion and a market share of 15 per cent in FY2010-11.
- ▶ Australia recorded a total trade surplus of goods and services of A\$20.9 billion in FY2010-11, a marked turnaround from the previous year's A\$4.6 billion deficit. According to the latest *OECD Economic Outlook*, Australia is expected to have a much stronger external position than many major OECD countries (including the USA, France, the UK and Italy) and is likely to register a trade surplus of US\$41 billion in 2011.
- ▶ Australia's trade with APEC economies has been buoyant, largely driven by expanding Asian developing economies (over 9 per cent average annual GDP growth since 2006), with two-way trade reaching A\$404 billion. This represented a CAGR of 7.9 per cent since 2006.
- ▶ Australia's total trade with China in FY2010-11 was A\$113 billion, 26 per cent more than in the previous year. It was the first time that Australia's two-way trade with a single nation had topped A\$100 billion. China was Australia's largest two-way trading partner, our largest export market (A\$71 billion) and source of imports (A\$43 billion). India has also emerged as a significant market, with total value of A\$21 billion and a market share of 3.7 per cent in FY2010-11.
- ▶ Japan remains Australia's second largest trading partner, with a total two-way trade value of A\$68 billion and a market share of 11.8 per cent in FY2010-11. Australia's trade with Europe's four major economies (Germany, France, the UK and Italy) and the USA remains strong with total two-way trade of around A\$50 billion each in FY2010-11.

Australia's Exports and Imports of Goods and Services (A\$ Billion)

Economies	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	Share % 2011	Cumulative Share %	CAGR % Since 2006
1 China	45.6	54.7	63.9	83.0	90.2	113.3	19.7	19.7	19.9
2 Japan	53.4	54.5	59.3	75.3	58.9	67.7	11.8	31.5	4.9
3 USA	44.3	48.6	50.3	53.1	46.0	47.8	8.3	39.9	1.5
4 South Korea	20.0	21.4	22.8	28.1	25.8	31.9	5.5	45.4	9.7
5 Singapore	20.9	21.8	27.3	26.4	21.9	23.4	4.1	49.5	2.3
6 UK	22.7	23.1	25.9	30.0	21.9	21.5	3.7	53.2	-1.1
7 New Zealand	19.5	20.7	22.8	21.9	21.0	21.1	3.7	56.9	1.6
8 India	10.4	13.6	14.0	21.7	22.2	21.0	3.7	60.6	15.2
9 Thailand	11.3	13.6	16.3	18.7	20.3	19.1	3.3	63.9	11.0
10 Malaysia	11.3	11.9	14.1	14.7	14.3	15.8	2.7	66.6	6.9
11 Germany	12.1	13.0	14.3	15.5	14.7	14.8	2.6	69.2	4.1
12 Indonesia	10.0	10.3	10.4	11.7	11.9	13.8	2.4	71.6	6.6
13 Taiwan	10.5	11.4	11.4	13.1	11.1	13.5	2.3	74.0	5.1
14 Hong Kong	7.8	7.7	7.7	8.3	7.3	8.1	1.4	75.4	0.9
15 Italy	6.6	7.5	7.4	8.1	7.0	7.4	1.3	76.7	2.4
Total of above	306.5	334.1	368.0	429.8	394.4	440.3	76.7		7.5
Other	100.0	111.4	124.0	132.0	117.7	133.9	23.3		6.0
Total two-way trade¹	406.6	445.5	492.0	561.8	512.1	574.2	100.0		7.1
Goods	323.4	353.2	388.1	452.5	406.7	466.2	81.2		7.6
Services	83.2	92.3	103.9	109.3	105.4	107.9	18.8		5.4
APEC	276.3	301.0	333.6	382.3	354.2	403.6	70.3		7.9

1. Data on goods trade is on a recorded trade basis, and excludes confidential aircraft imports for the USA only. Data on services trade is on a balance of payments basis.

Sources: Australian Bureau of Statistics (ABS) Cat. No. 5368.0, *International Trade in Goods and Services (Sep 2011)*; ABS Cat. No. 5302.0, *Balance of Payments and International Investment Position, Australia (Sep 2011)*; Austrade