



WHY AUSTRALIA

**BENCHMARK
REPORT
2019**

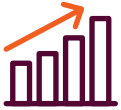


Australian Government

Australian Trade and Investment Commission



WHY AUSTRALIA



**Robust
economy**



**Dynamic
industries**



**Innovation
and skills**



Global ties



**Strong
foundations**

Since 1992, Australia has benefitted from uninterrupted annual economic growth. Its AAA sovereign risk profile, security and location at the nexus of East and West make it an ideal partner for trade, investment and collaboration.

Australia offers a powerful combination of plentiful natural resources and a sophisticated services sector backed by a highly educated labour force. Its ability to adapt to change and instability in the global economy has enabled Australia to achieve success across a range of industries.

Australia is renowned for its resources sector, upon which Asia continues to rely to help fuel its industrialisation. The nation's agricultural commodities and premium food are in high demand by global consumers, as are its tourism, education, wealth management, healthcare and professional services.

As a leading education provider, Australia is attracting students and talent from around the world to its globally ranked universities and research and development institutions, which focus on creating and commercialising new ideas.

Multinational companies can benefit from Australia's network of free trade agreements, strong business and cultural ties with Asia, and longstanding trade, investment and research links with Europe and North America.

In an uncertain world, Australia remains a safe and secure place to invest and do business.

01

ROBUST ECONOMY

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ROBUST ECONOMY

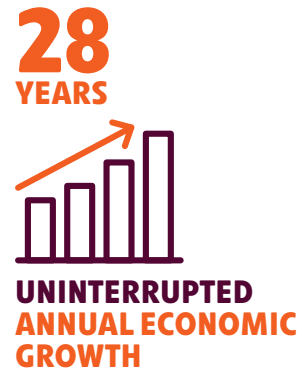
Australia has entered its 28th year of consecutive annual economic growth, setting a new record among developed economies for uninterrupted expansion.

This enviable record of steady growth proves the robustness of Australia's economy and its reliability as a low-risk and safe environment in which to do business.

Longstanding ties with Asia have helped Australia to prosper. The nation is a long-term supplier of natural resources to the Asian region and a reliable provider of clean, green and safe agricultural products and premium food.

Australia's trade and investment partners also benefit from the high quality of Australian professional services, which include businesses in the tourism, education, financial and healthcare sectors.

The country's strong regulatory institutions, ability to respond to global changes, and diversified, services-based economy underpin its steady growth.

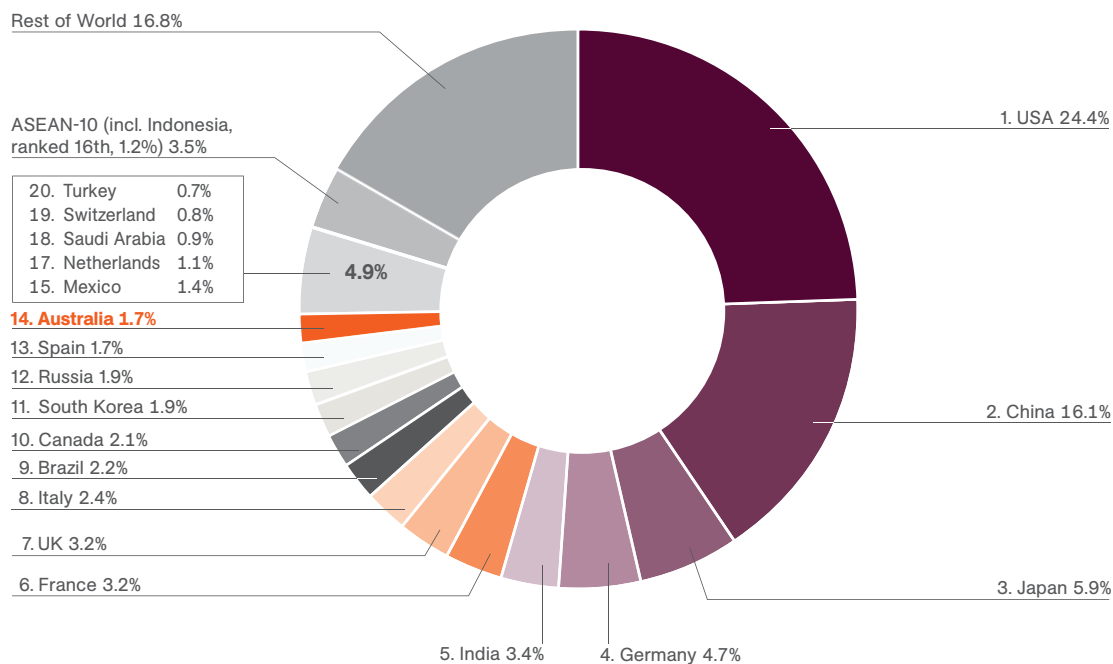


A LARGE AND GROWING ECONOMY

Despite Australia comprising just 0.3 per cent of the world's population, its economy is expected to be the 14th largest in the world and the fifth largest in the Asian region in 2019. Australia's nominal GDP is estimated at US\$1.5 trillion (almost A\$2 trillion) and accounts for 1.7 per cent of the global economy. In 1999, Australia's total production value was just US\$411 billion, meaning it has more than tripled in two decades.

WORLD'S 20 LARGEST ECONOMIES – 2019^F

Percentage share of total world nominal GDP in US\$



^F = Forecast

GDP of all the world's economies: **US\$88,081 billion**

GDP of 20 largest economies: **US\$71,155 billion (80.8% of world's GDP)**

GDP of ASEAN-10 economies: **US\$3,079 billion (3.5% of world's GDP)**

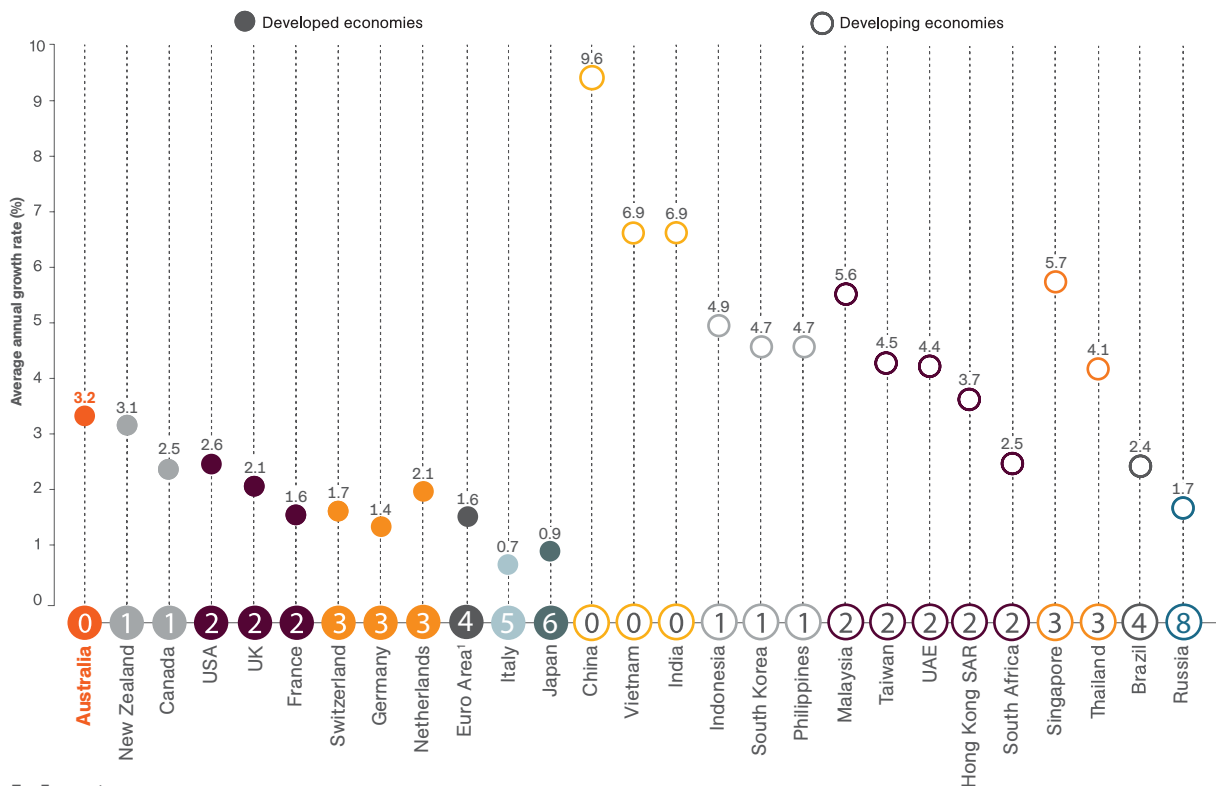
Sources: International Monetary Fund, World Economic Outlook Database, October 2018; Austrade

28TH YEAR OF CONSECUTIVE ANNUAL ECONOMIC GROWTH

Australia has entered its 28th year of uninterrupted annual economic growth, increasing more than three per cent on average each year since 1992. Australia is the only major developed economy to have recorded no annual recessions from 1992 to 2018. The economy's robustness is sustained by solid policy frameworks, strong institutions, an attractive investment environment and deep trade ties with the Asian region.

ECONOMIC RESILIENCE – REAL GDP GROWTH

1992–2018^F



^F = Forecast

Note: Colour circles on x-axis represent the number of years in recession.

1. Euro Area = Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain.

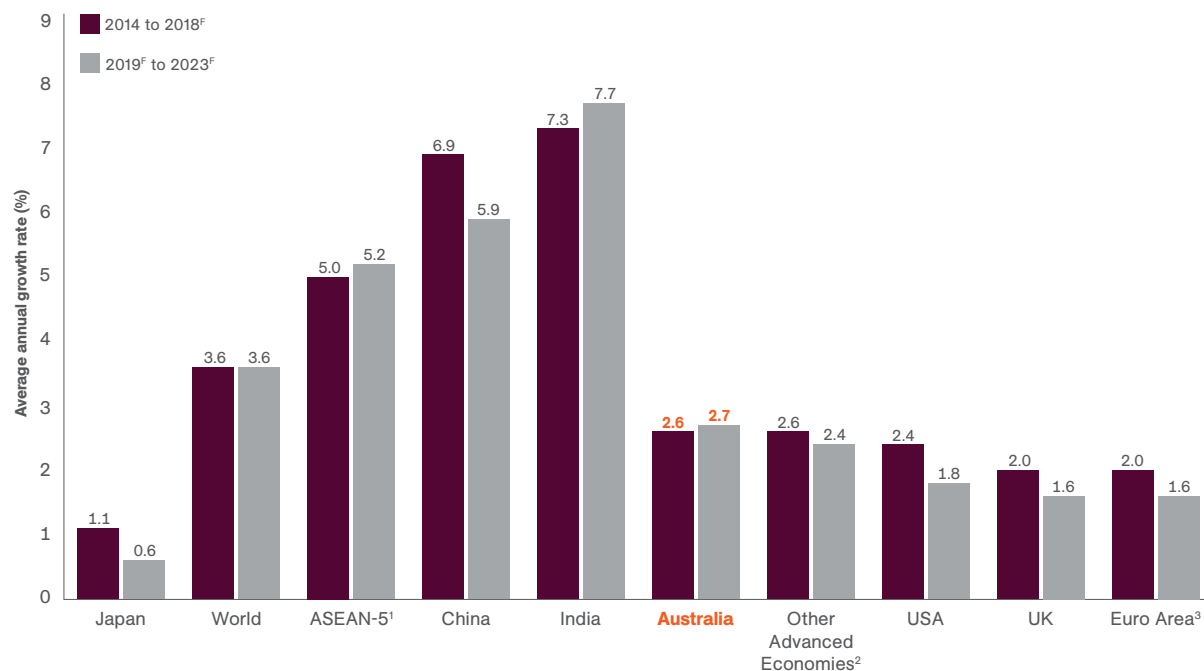
Sources: International Monetary Fund, World Economic Outlook Database, October 2018; Austrade

HIGHEST GROWTH AMONG MAJOR ADVANCED ECONOMIES

Australia has continued to enjoy a robust economic performance relative to other developed economies while adjusting to the end of the mining boom of the 2000s. Australia is expected to realise average annual real GDP growth of 2.7 per cent between 2019 and 2023 – the highest among major advanced economies and up from an average growth rate of 2.6 per cent between 2014 and 2018.

REAL GDP GROWTH BY ECONOMIC GROUPING

Average annual growth rate: 2014–18^F and 2019^F–23^F



F = Forecast

1. ASEAN-5 = Indonesia, Malaysia, Philippines, Thailand and Vietnam.

2. Other advanced economies exclude G7 and Euro Area.

3. Euro area = Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia and Spain.

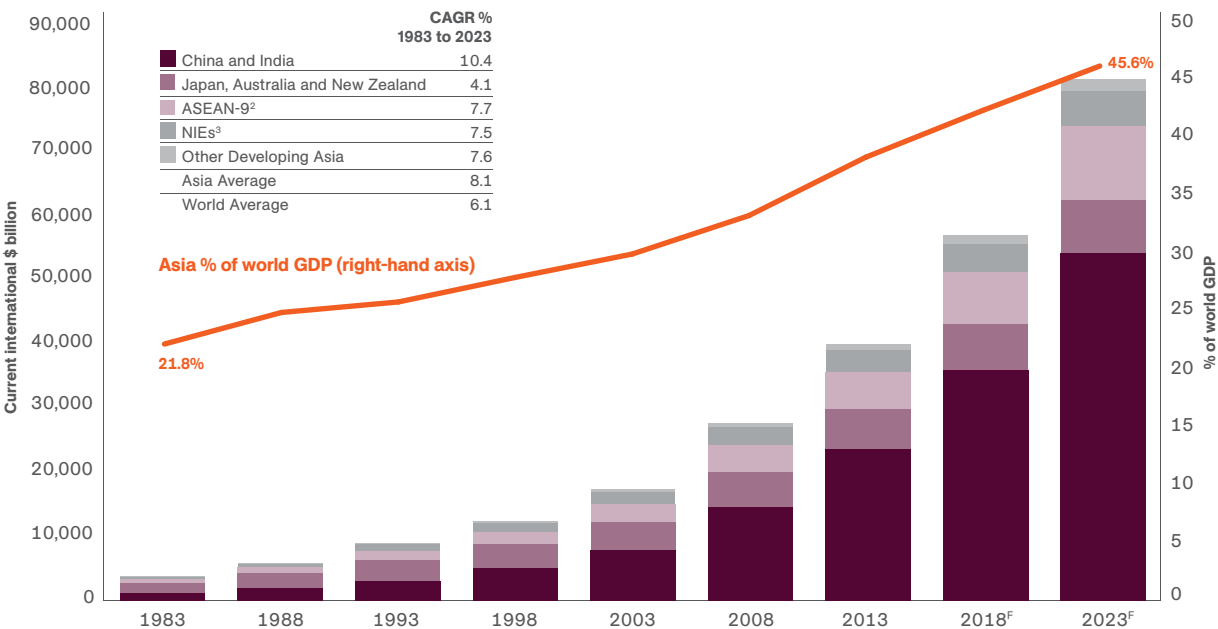
Sources: International Monetary Fund, World Economic Outlook Database, October 2018; Austrade

STRONG TIES TO ASIA SUPPORT LONG-TERM GROWTH

Australia's strong ties to the Asian region support a positive medium- and long-term growth outlook. By 2023, the regional economy is expected to account for 46 per cent of global production (US\$81 trillion out of US\$177 trillion) in terms of purchasing power parity valuation, more than double the ratio in 1983 (22 per cent). Over the same period, the combined economies of China and India will likely represent around 30 per cent of the world's GDP, significantly up from six per cent in 1983.

ASIAN ECONOMIC GROWTH

GDP based on purchasing power parity valuation (PPP, current international dollar billion)¹



Note: The bar represents the value of the regional GDP (PPP).

F = Forecast; **CAGR** = Compound annual growth rate

1. An international dollar would buy in the cited country a comparable amount of goods and services a US dollar would buy in the United States. Local currency values are converted into international dollars using PPP exchange rates.

2. Composed of 9 developing economies: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Thailand and Vietnam.

3. Newly Industrialised Economies: Singapore, Hong Kong SAR, South Korea and Taiwan.

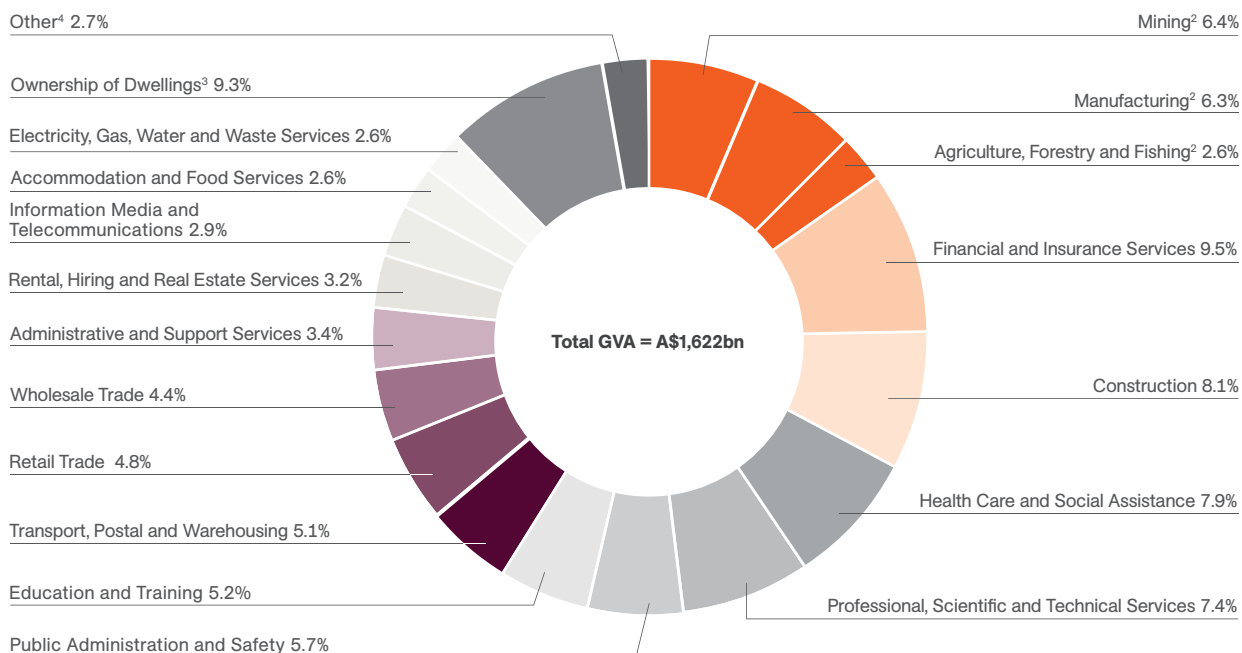
Sources: International Monetary Fund, World Economic Outlook Database, October 2018; Austrade

DIVERSIFIED, SERVICES-BASED ECONOMY

Australia's economy is dominated by the services sector, which accounts for more than 75 per cent of real gross value added (GVA). Within the services sector the largest contributor to GVA is financial and insurance services, which generates 9.5 per cent of total GVA. Other top contributors include construction; health care and social assistance; professional, scientific and technical services; mining; and manufacturing.

AUSTRALIA'S REAL GROSS VALUE ADDED¹ BY INDUSTRY

Annual total ending June 2017–18, as a percentage of total industry



1. Gross value added (GVA) measures the contribution to the economy of each individual producer, industry or sector. 2. Goods comprise Agriculture, Manufacturing and Mining. 3. Ownership of Dwellings is not classified as a Good or Service. 4. Other includes: Arts and Recreation Services (0.9%) and Other Services (1.8%).

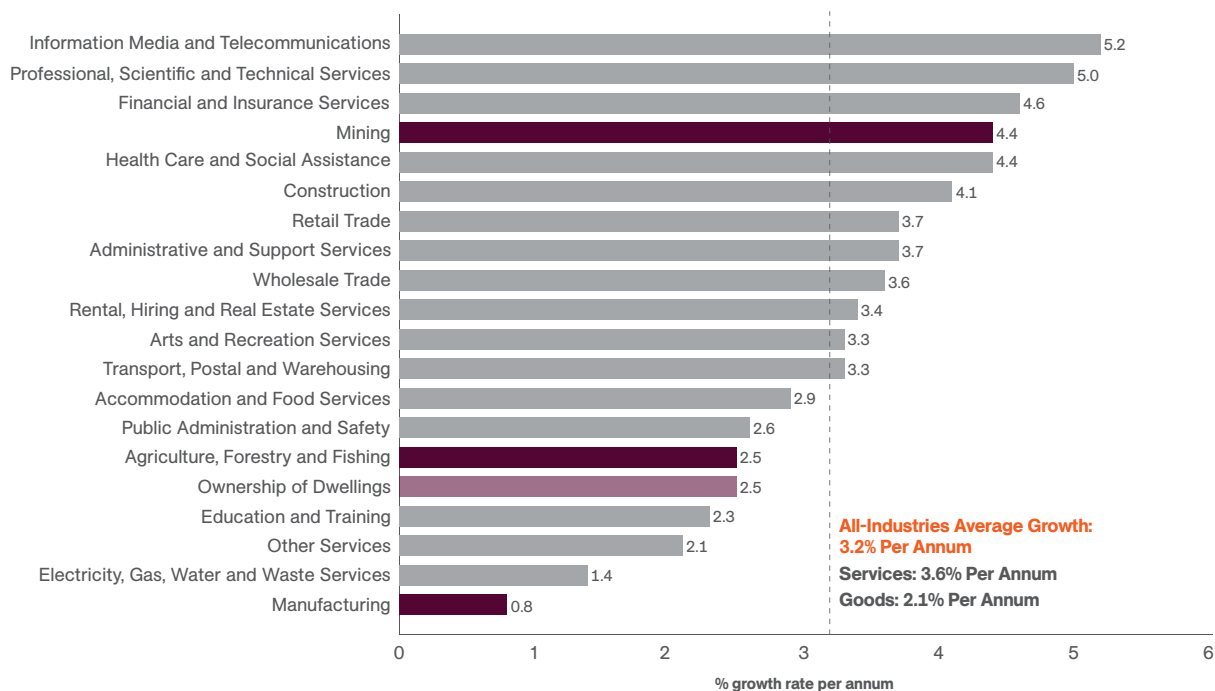
Sources: Australian Bureau of Statistics Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product, Table 37. Industry Gross Value Added, Chain volume measures, Annual (released 5 September 2018), Time Series Workbook; Austrade

STEADILY GROWING SERVICES AND TECHNOLOGY SECTORS

Australia's services sector (including construction) has expanded by an annual average of 3.6 per cent since 1992, above the goods sector's annual average of 2.1 per cent. Information media and telecommunications; professional, scientific and technical services; and financial and insurance services have seen solid annual growth rates of above 4.5 per cent, reflecting the country's skills base in technology- and knowledge-intensive sectors.

GROWTH BY INDUSTRY IN AUSTRALIA'S REAL GROSS VALUE ADDED

Average annual % growth rate 1991–92 to 2017–18



Notes: 1. Goods comprise Agriculture, Mining and Manufacturing. 2. Grey bars denote services-based sectors, and purple bars denote goods-based sectors. 3. Ownership of Dwellings is not classified as a Good or Service.

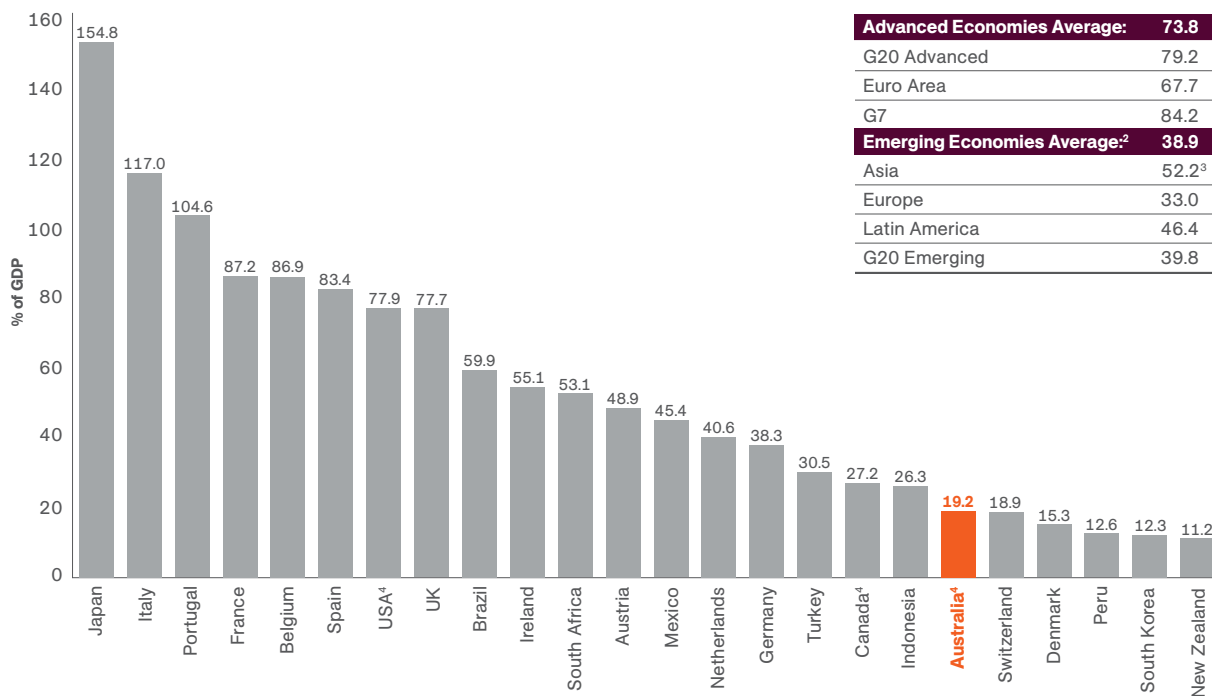
Sources: Australian Bureau of Statistics Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product, Table 37. Industry Gross Value Added, Chain volume measures, Annual (released 5 September 2018), Time Series Workbook; Austrade

LOW GOVERNMENT DEBT

The IMF estimates the Australian Government's net debt will be less than 20 per cent of GDP in 2019, well below the 74 per cent forecast for advanced economies as a group. Australian Government debt is predicted to fall to around 15 per cent of GDP by 2023, while the average debt ratio of advanced economies will remain high at around 73 per cent of GDP. The low level of public sector debt underpins Australia's AAA sovereign credit rating and stable outlook from all three rating agencies.

GENERAL GOVERNMENT NET DEBT¹ – 2019^F

As a percentage of GDP



Advanced Economies Average:	73.8
G20 Advanced	79.2
Euro Area	67.7
G7	84.2
Emerging Economies Average:²	38.9
Asia	52.2 ³
Europe	33.0
Latin America	46.4
G20 Emerging	39.8

F = Forecast

Notes: 1. IMF staff estimates and projections. Projections are based on IMF staff assessment of current policies. Australia: Final Budget Outcomes for the Commonwealth, states and territories for 2016, with additional data from the Commonwealth, state, and territory budgets for FY2018/19. 2. Emerging Economies include: Algeria, Angola, Argentina, Azerbaijan, Belarus, Brazil, Chile, China, Colombia, Croatia, Dominican Republic, Ecuador, Egypt, Hungary, India, Indonesia, Iran, Kazakhstan, Kuwait, Libya, Malaysia, Mexico, Morocco, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, South Africa, Sri Lanka, Thailand, Turkey, Ukraine, United Arab Emirates, Uruguay and Venezuela. 3. Gross debt as a percentage of GDP (Source: IMF, Fiscal Monitor October 2018, Statistical Tables A15). 4. For cross-country comparability, gross and net debt levels reported by national statistical agencies for countries that have adopted the 2008 System of National Accounts (Australia, Canada and the USA) are adjusted to exclude unfunded pension liabilities of government employees' defined benefit pension plans.

Source: International Monetary Fund (IMF), IMF Fiscal Monitor, October 2018, Statistical Tables A8, A15 and A16; Austrade

02

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A Top Destination for Education and Skills Training	22
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DYNAMIC INDUSTRIES

Australia is renowned for its abundance of resources, capability and talent. It is globally successful in the energy and resources, agribusiness, education, tourism and financial services industries.

The country is applying its research and development skills to ensure it stays at the forefront of these industries. It is also developing and commercialising new disruptive technologies in a range of sectors.

Australia has large reserves of mineral and energy resources and is a world-leading producer of iron ore, gold, bauxite, coal and uranium. By 2020, it will be the world's largest LNG exporter. Australia is ranked in the world's top 10 for solar energy production and top 16 for wind energy generation.

Australian food and agricultural commodities have a reputation for being clean, green and safe, making them highly valued in Asia for their quality.

Australia draws large numbers of students and visitors to its shores as the world's third most popular destination for education and the seventh largest international tourism market based on tourism receipts.

Financial services is another sector where Australia has strong capabilities. It has one of the Asia-Pacific region's largest pool of bank assets, as well as significant wealth management and infrastructure financing expertise.



GLOBALLY SUCCESSFUL IN FIVE KEY INDUSTRIES

Australia is a major producer of in-demand agricultural commodities, premium food and natural resources. The nation is a leading destination for international tourists and students in tertiary education. It also has large, expanding, sophisticated financial markets, including the world's sixth largest pool of managed fund assets.

AUSTRALIA'S GLOBALLY SIGNIFICANT INDUSTRIES



MERCHANDISE EXPORT – AGRICULTURAL PRODUCTS (US\$39.6 billion, 2017)
TOP 12 IN THE WORLD¹

Source: UN Comtrade Database



AUSTRALIA'S INVESTMENT FUND ASSETS (US\$2.1 trillion, June 2018)
SIXTH LARGEST IN THE WORLD

Source: Investment Company Institute, Quarterly Worldwide Mutual Fund Market



FOREIGN STUDENTS IN TERTIARY EDUCATION (6.9% of the world's total, 2016)
THIRD LARGEST IN THE WORLD

Source: UNESCO, Institute for Statistics



INTERNATIONAL TOURISM RECEIPTS (US\$41.7 billion, 2017)
7TH LARGEST IN THE WORLD

Source: UNWTO World Tourism Highlights 2018 Edition



MERCHANDISE EXPORT – MINING AND FUELS (US\$142.0 billion, 2017)
TOP 3 IN THE WORLD²

Source: UN Comtrade Database



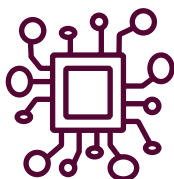
1. Ranking not including Thailand, due to unavailable data in 2017.

2. Ranking not including Saudi Arabia, due to unavailable data in 2017.

A LEADER IN NEW TECHNOLOGIES

Australia's transition to a services-based economy is driving the development of new technologies in agriculture, education, financial services and health, among other sectors. This includes the use of blockchain in finance, immersive simulation technologies in education, robotics in medical procedures and the Internet of Things in agriculture.

AUSTRALIA'S TECH CREDENTIALS



700 FINTECH STARTUPS¹

A\$988 million raised in FY2018²

Seven fintech companies
in the world's top 100³



500 MEDTECH COMPANIES

A\$11 billion industry⁷

World top 15 for medtech patents⁸

A\$20bn Medical Research Future Fund



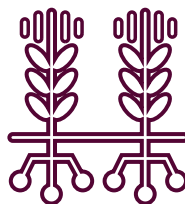
350 EDTECH COMPANIES

1,100 online education providers⁴

Australian edtech market:
A\$1.7 billion by 2022

Fastest-growing startup vertical⁵

Second largest startup vertical
after fintech⁶



300 AGTECH & FOODTECH COMPANIES⁹

11 agtech incubators/accelerators¹⁰

51 agtech investments funded in 2017¹¹

A\$600 million invested annually
through 15 Rural R&D Corporations¹²

A\$20 billion lift in industry value¹³

Sources: 1. AustralianFinTech.com.au, <https://australianfintech.com.au/directory-all>, accessed 29 October 2018. 2. Techboard, Australian Startup and Young Technology Company Funding Report 2017/18, September 2018. 3. KPMG and H2 Ventures, Fintech100, October 2018. 4. Austrade, Australian Education Technology, 2016. 5. Edugrowth and Deloitte, The Australian EdTech Market Census 2017, August 2017. 6. As before. 7. Medical Technology Association of Australia, Medical Technologies and Pharmaceuticals, A roadmap for unlocking future growth opportunities for Australia, February 2017. 8. WIPO Patent Statistics, total count by applicant's origin (equivalent count), database accessed 31 August 2018. 9. KPMG, Talking 2030: Growing agriculture into a \$100 billion industry, 23 March 2018. 10. As before. 11. University of Sydney/United States Study Centre, Australian Agtech: Opportunities and Challenges as seen from a US Venture Capital Perspective, October 2018; 12: Minister for Agriculture and Water Resources, <http://minister.agriculture.gov.au/littleproud/Pages/Media-Releases/Driving-digital-transformation-across-agriculture.aspx>, March 2018; 13: The Accelerating Precision Agriculture to Decision Agriculture Project, Enabling digital agriculture in Australia, March 2018

ABUNDANT RESERVES OF MINERAL AND ENERGY RESOURCES

Australia's natural resources continue to be a vital contributor to the nation's wealth. It has the world's largest resources of iron ore, gold, lead, zinc, nickel, rutile and zircon, as well as the second largest bauxite, cobalt, silver and copper reserves. Australia also has the world's largest uranium reserves and the second largest brown coal deposits, enabling it to play an important role in supplying the world's energy needs.

AUSTRALIA'S PRODUCTION OF MAJOR MINERAL AND ENERGY RESOURCES AND WORLD RANKINGS

Commodity ¹	Unit	Reserves	World Ranking for Resources	% of World Resources	Mine Production	World Ranking for Production	% of World Production
Minerals (2016)							
Iron ore	Mt	49,588	1	29	858	1	38
Gold	t Au	9,830	1	17	288	2	9
Lead	Mt Pb	35.1	1	40	0.45	2	9
Zinc	Mt Zn	63.5	1	28	0.88	3	7
Nickel	Mt Ni	18.5	1	24	0.20	5	9
Mineral sands – rutile	Mt	33	1	50	0.3	1	42
Mineral sands – zircon	Mt	78.6	1	67	0.6	1	31
Mineral sands – ilmenite	Mt	276.9	2	19	1.4	3	13
Bauxite	Mt	6,005	2	22	82.15	1	31
Cobalt	kt Co	1,164	2	14	*	5	4
Silver	kt Ag	89.3	2	16	1.42	5	5
Copper	Mt Cu	87.8	2	12	0.95	5	5
Diamond (industrial)	Mc	115.8	3	18	13.96	2	24
Lithium	kt Li	2,730	3	18	14*	1	41
Manganese ore	Mt	219	4	13	3.2*	4	9
Rare earth	Mt	3.43	6	3	0.014*	2	11
Energy (2016)							
Uranium	kt U	1,270	1	29	6.3	3	10
Brown coal	Mt	76,508	2	24	63.3*	5	6
Black coal	Mt	70,927	4	10	566.3*	4	7
Gas (2017) ²	tn cu m	3.6	12	2	113.5	8	3

Mc = million carats; **t** = tonne; **kt** = kilotonnes; **Mt** = million tonnes; **tn cu m** = trillion standard cubic metres.

Notes: **Cobalt:** The Western Australian Department of Mines and Petroleum (Statistics Digest 201516) reported 5.47 kt of production in 2015–16. **Lithium:** Australian mine production is not reported for the Greenbushes Mine. Production figures are based on reported production of concentrates for Greenbushes (Lithium: investment opportunities, Western Australia. Commodity Summary, Geological Survey of Western Australia, 2016), and ASX reported tonnages of concentrates for Mount Marion and Mount Cattlin. Concentrates are assumed to contain 6% Li₂O. World mine production excludes the USA. **Manganese:** Production figures from South32 Ltd (Annual Report 2016). **Rare earth:** Mount Weld in Western Australia supplies rare earth mineral concentrates to the Lynas Advanced Materials Plant (LAMP) in Malaysia. Lynas Corporation Ltd (Quarterly Reports to the ASX) reported that LAMP produced 13,872 t of ready-for-sale rare earth oxides. **Brown coal:** Australian mine production is a Geoscience Australia estimation. World mine production sourced from International Energy Agency (Coal Information 2017 Overview). World economic resources dated 2015, sourced from the Federal Institute for Geosciences and Natural Resources, Germany (Energy Study 2016). **Black coal:** Australian mine production refers to raw coal. World economic resources dated 2015, sourced from the Federal Institute for Geosciences and Natural Resources, Germany (Energy Study 2016). World mine production sourced from the Office of the Chief Economist (Resources and Energy Quarterly, June 2017).

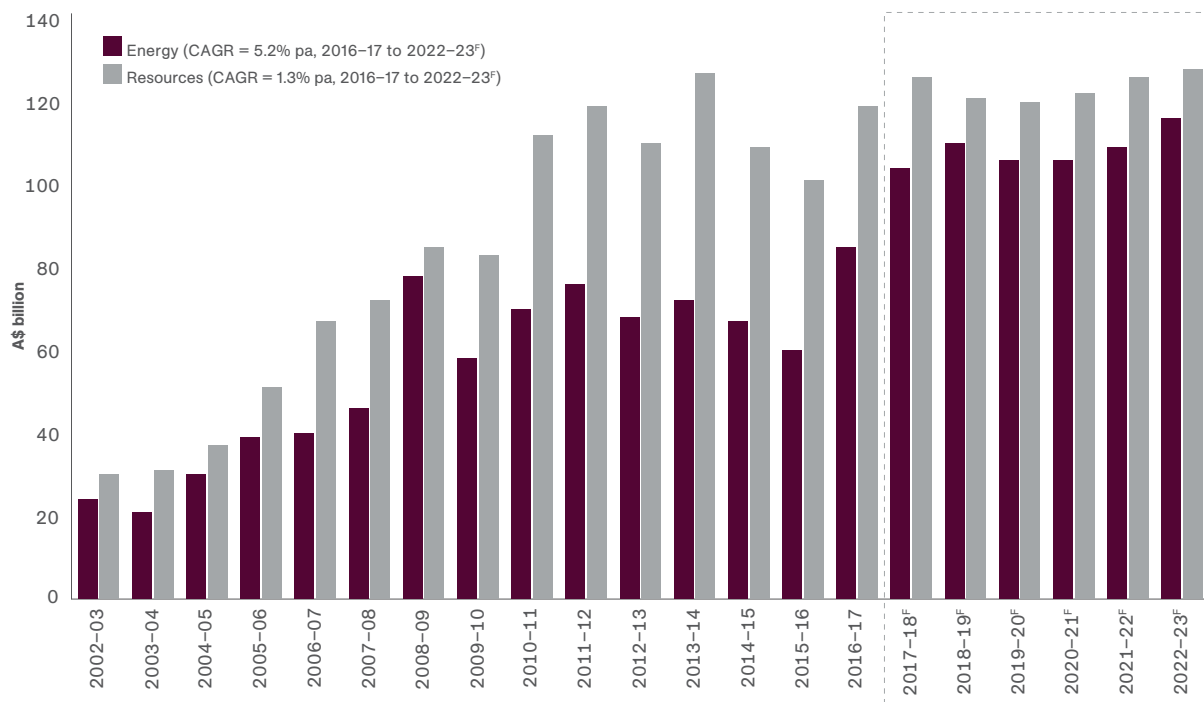
Sources: 1. Geoscience Australia, *Australia's Identified Mineral Resources 2017, Tables 3 and 7 (released 5 March 2018)*. 2. BP Statistical Review of World Energy June 2018; Austrade

LEADER IN MINERAL AND ENERGY EXPORTS

Proximity to the resource-hungry markets of Asia underpins Australia's position as a major global exporter of mineral and energy resources and products. From 2002–03 to 2017–18, Australia's total resources and energy exports are estimated to have increased more than four-fold to almost A\$230 billion, with the majority going to Asian countries. Steady growth in the export volume of most bulk commodities is expected to contribute to higher export earnings over the outlook period.

AUSTRALIA'S ENERGY AND RESOURCES SECTOR

Value of exports



Notes: Historical data from Resources and Energy Quarterly June 2018, Tables 2(1) and 2(2), Annual value of commodity exports (fob), Australia; **F** = Forecast figures from Resources and Energy Quarterly, March 2018. **CAGR** = compound annual growth rate.

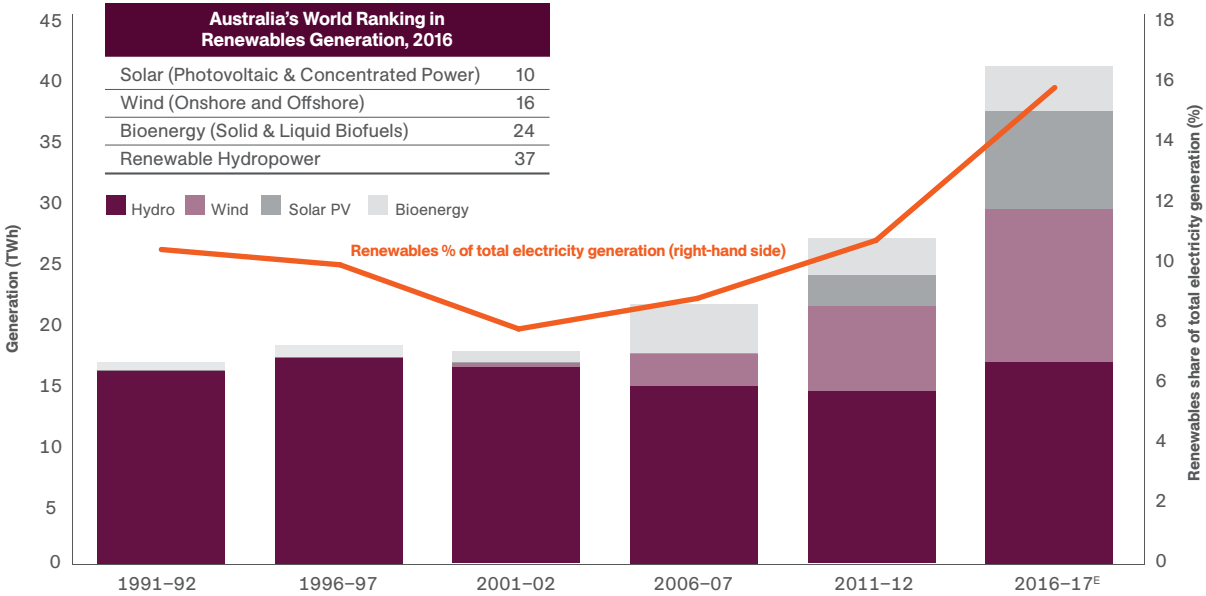
Sources: Department of Industry, Innovation and Science, Office of the Chief Economist, Resources and Energy Quarterly, June 2018 and Resources and Energy Quarterly, March 2018. The March edition of Resources and Energy Quarterly features a 'medium term' (five-year) outlook for Australia's major resources and energy exports; Austrade

GROWING MARKET FOR RENEWABLES

Renewable energy accounted for over 15 per cent of Australia’s total electricity generation in 2016–17. Over the past decade, the amount of energy generated by wind and solar sources has grown significantly, leveraging Australia’s natural advantages. Electricity generation from wind and solar power sources accounted for half of Australia’s renewable energy generation in 2017, up from 13 per cent 10 years ago.

AUSTRALIA’S RENEWABLE ENERGY GENERATION VOLUMES AND WORLD RANKINGS

1991–92 to 2016–17^E, TWh



E = Estimate; TWh = Terawatt-hour.

Notes: Solar energy generation in 2001–02 was 0.058TWh and in 2006–07 was 0.105TWh; wind energy generation in 1996–97 was 0.007TWh and in 2001–02 was 0.364TWh.

Sources: Department of the Environment and Energy, Australian Energy Statistics, Table O, April 2018, Australian electricity generation, by fuel type, physical units; World rankings sourced from IRENA (2018), Renewable Energy Statistics 2018, The International Renewable Energy Agency; Austrade

TOP AGRIBUSINESS AND FOOD EXPORTER

Australia's food and fibre exports were worth more than A\$50 billion in 2017. Nine of the top 10 destination markets (63 per cent of total food exports) were located in Asia. The Brookings Institution forecasts Asia's middle-class consumers to number approximately 3.5 billion (two-thirds of the world's total) by 2030. Australia's proximity to Asia and reputation as a safe and reliable source of quality produce ensure it is well placed to capitalise on this growth.

TOP 10 EXPORT DESTINATIONS FOR AUSTRALIAN FOOD AND FIBRE

A\$ billion, 2017

	Exports (A\$ billion) 2017	Turnover (A\$ billion) 2016–17
Unprocessed	25.4 ¹	84.4
Processed	25.5	102.7
Total	50.9²	194.0³



1. Includes all unprocessed food and live animals; raw hides, skins and furskins; and all unprocessed textile fibres. 2. Export value of Australian food and fibre is defined as the total export value of primary products (unprocessed – food & live animals total); primary products (unprocessed – Other – Hides skins & furskins raw); primary products (unprocessed – Other – Textile fibres unprocessed & waste); and primary products (processed – food total). 3. Total includes sales and service income for agriculture, forestry and fishing support services (A\$6.8bn).

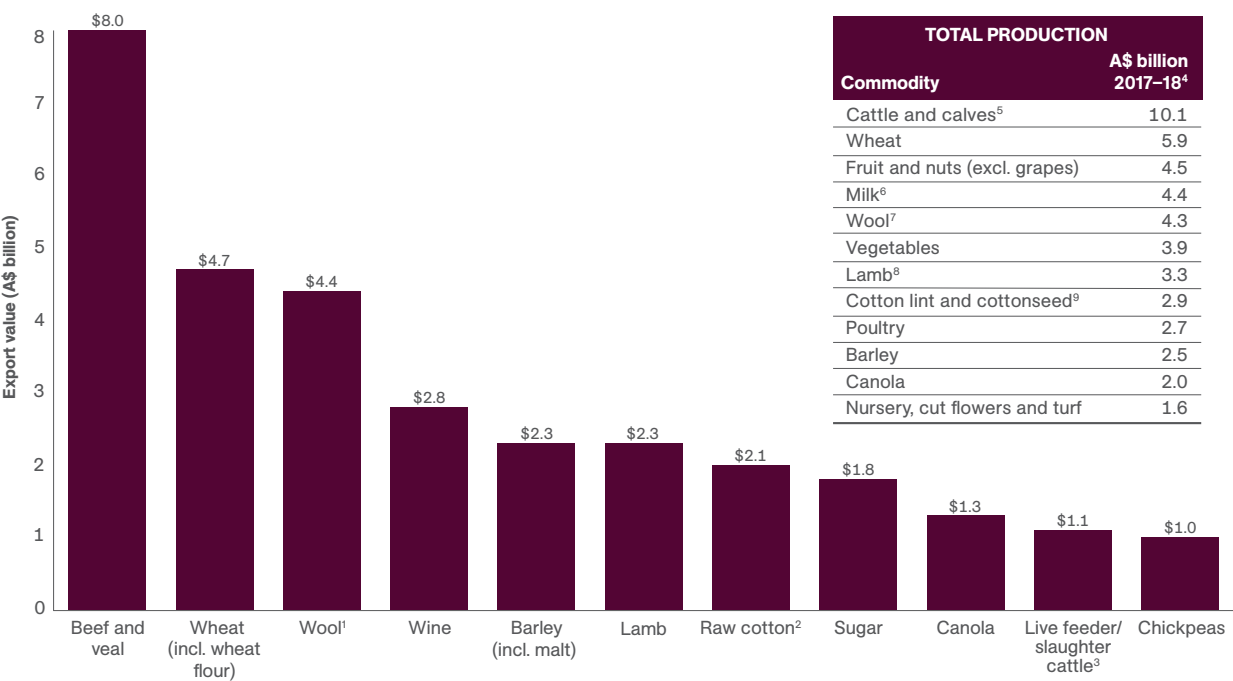
Note: The Asian region is defined as Asia, ASEAN and Oceania.

Sources: Exports by country data based on the DFAT Trade Statistical pivot table, country and TRIEC pivot table 1990 to 2017 (last updated: May 2018 using ABS Cat. No. 5368, March 2018 data); turnover figures based on ABS Cat. No. 8155.0 Australian Industry 2016–17, Table 1 Key Data by Industry Subdivision (released 25 May 2018); Austrade

CLEAN, GREEN AND SAFE SOURCE OF AGRIBUSINESS AND FOOD

Demand for Australia’s agricultural commodities drives the country’s export trade in high-value branded premium products. Australia is a major global producer of beef, wheat, wool, wine, barley, lamb, raw cotton, sugar, canola, live feeder/slaughter cattle and chickpeas. Beef and wheat are Australia’s two largest agricultural exports as well as its two largest agricultural commodities in terms of production value.

AUSTRALIA’S MAJOR AGRICULTURAL COMMODITY EXPORTS, 2017–18^E



1. On a balance of payments basis. Australian Bureau of Statistics recorded trade data adjusted for changes in stock levels held overseas. 2. Excludes cotton waste and linters. 3. Includes buffalo. 4. The gross value of production is the value placed on recorded production at wholesale prices realised in the marketplace. ABARES estimates. 5. Includes dairy cattle slaughtered and excludes skin and hide values. 6. Milk intake by factories and valued at the farm gate. 7. Shorn, dead and fellmongered wool, and wool exported on skins. 8. Excludes skin and hide values. 9. Value delivered to gin.

E = ABARES estimate.

Sources: Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), *Agricultural commodities: September Quarter 2018 – Statistical data tables – MS Excel* (released 18 September 2018), Tables 13 and 17; Austrade

STRONG, SOPHISTICATED FINANCIAL MARKETS

Australia has deep and liquid financial markets, including the world's sixth largest managed fund assets pool, eighth largest foreign-exchange market and ninth largest stock market. The managed funds sector is underpinned by a mandated retirement savings scheme (superannuation system) that has resulted in the fourth largest pension pool in the world.

GLOBAL SIGNIFICANCE OF AUSTRALIA'S FINANCIAL MARKETS



US\$6,321 billion¹

ASSETS OF AUSTRALIAN FINANCIAL INSTITUTIONS*

4.6 times Australia's nominal GDP

**June 2018*



US\$1,924 billion⁴

PENSION ASSETS*

4th largest in the world

2nd largest in the Asian region

**2017*



US\$2,094 billion²

MANAGED FUND ASSETS UNDER MANAGEMENT*

6th largest in the world

**June quarter 2018*



US\$121 billion⁵

OTC FOREIGN EXCHANGE DAILY AVERAGE TURNOVER*

8th largest in the world

4th largest in the Asian region

**April 2016*



US\$1,088 billion³

STOCK MARKET*

9th largest in the world

3rd largest in the Asian region

**Market capitalisation of freely floating stocks, October 2018*



US\$2,000 billion⁶

INTERNATIONAL AND DOMESTIC DEBT SECURITIES OUTSTANDING*

11th largest in the world

3rd largest in the Asian region

**Total outstanding value, March quarter 2018*

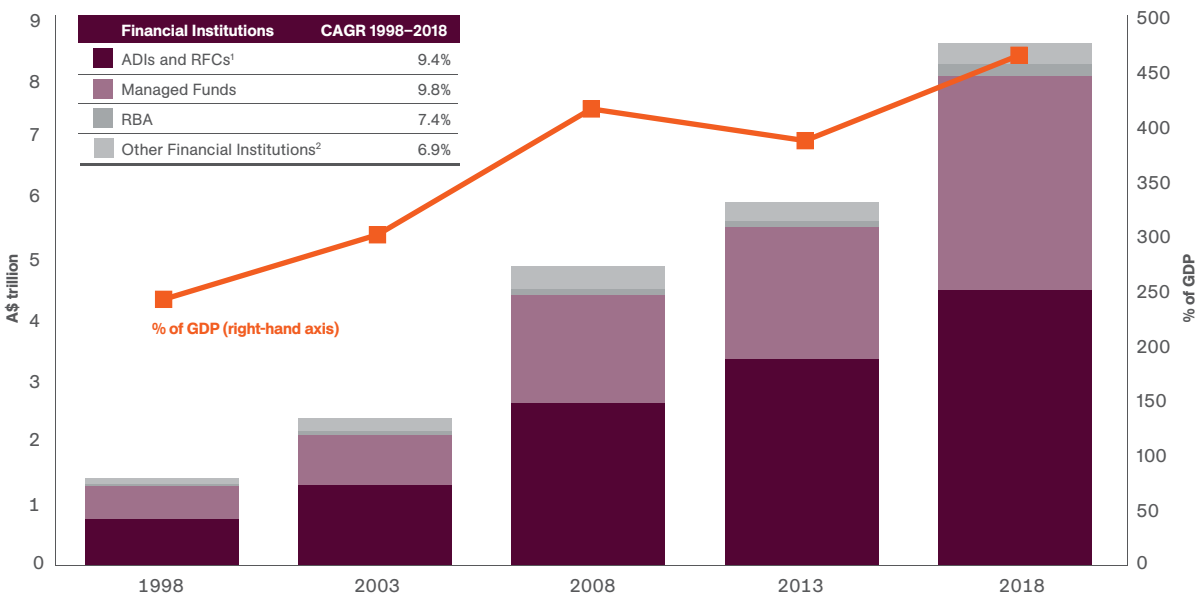
Sources: 1. Reserve Bank of Australia Statistics, *B1 Assets of Financial Institutions* (updated 2 October 2018); ABS Cat. No. 5655, *Managed Funds*, June 2018 (updated 7 September 2018), A\$ exchange rate as at 30 June 2018 = US\$0.739; 2. Investment Company Institute, *Worldwide Mutual Fund Assets and Flows*, June quarter 2018 (updated 28 September 2018), survey does not include Hong Kong SAR and Singapore; 3. Standard & Poor's, *S&P Dow Jones Indices World-By-Numbers: November 2018*; 4. Willis Towers Watson, *Global Pension Assets Study 2018* (released February 2018); 5. Bank for International Settlements, *Triennial Central Bank Survey of Foreign Exchange and OTC Derivatives Markets in 2016* (updated 11 December 2016); 6. Bank for International Settlements, *Debt securities statistics, summary of debt securities outstanding by residence and sector of issuer* (updated 23 September 2018); Austrade

AUSTRALIA'S A\$8 TRILLION FINANCIAL SECTOR

Australia's mature financial services sector has estimated assets of around A\$8.5 trillion (US\$6.3 trillion) – over four-and-a-half times the country's nominal GDP as at June 2018. On average, the sector has grown 9.4 per cent a year over the past two decades, well above the average nominal GDP growth rate of 5.9 per cent. The strength of the financial services industry means it is Australia's largest contributor to gross value added, one of its highest growth sectors and a significant source of capital.

ASSETS OF AUSTRALIAN FINANCIAL INSTITUTIONS

A\$ trillion, year ending June quarter



CAGR = Compound annual growth rate from June quarter 1998 to June quarter 2018; **ADIs** = Authorised Deposit-taking Institutions; **RFCs** = Registered Financial Corporations; **RBA** = Reserve Bank of Australia

1. The combined assets of ADIs (comprising Banks, Building Societies and Credit Unions) and RFCs (comprising Money Market Corporations, Finance Companies and General Financiers).

2. General Insurance Offices and Securitisation Vehicles.

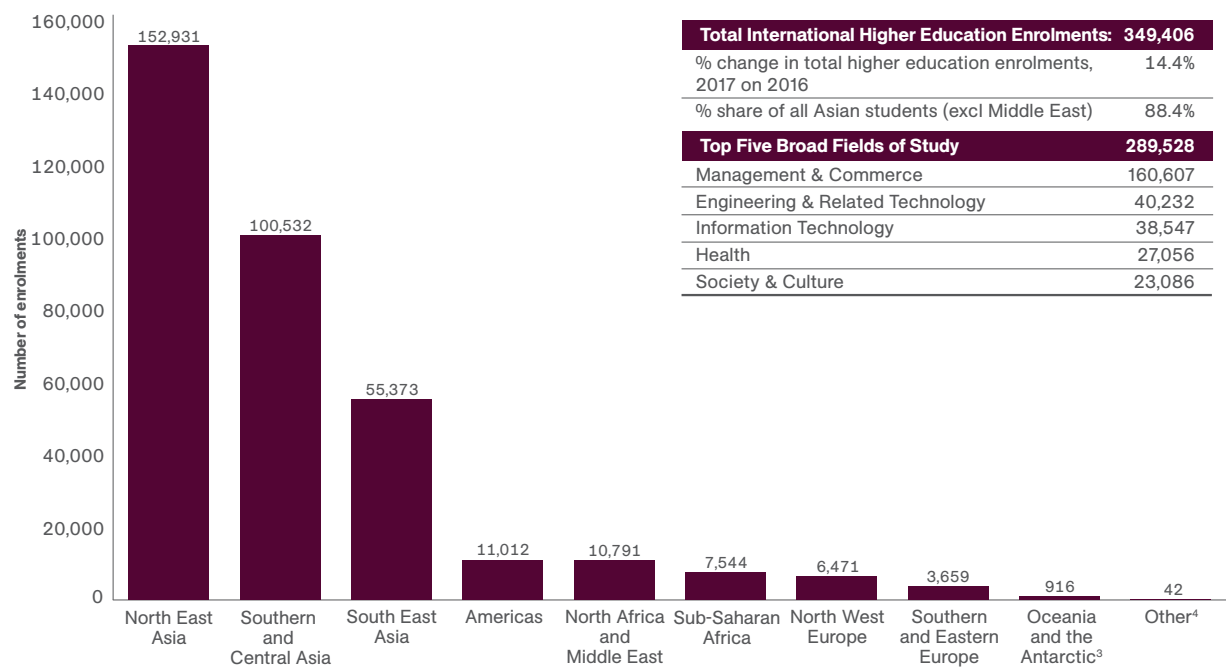
Sources: Reserve Bank of Australia Statistics, *B1 Assets of Financial Institutions* (updated 2 October 2018); *B18 Managed Funds* (updated 7 September 2018); Australian Bureau of Statistics, Cat. No. 5206.0 *Australian National Accounts: National Income, Expenditure and Product*, June 2018, Table 36 (released 5 September 2018); Austrade

A TOP DESTINATION FOR EDUCATION AND SKILLS TRAINING

Australia is the third most popular destination in the world for foreign students enrolled in higher education. Australia attracted over 623,000 international students in 2017, including higher education, vocational education and training, English language, and schools. International education contributed over A\$30 billion to the Australian economy in 2017, with both student numbers and export value in their fourth consecutive year of double-digit growth.

INTERNATIONAL HIGHER EDUCATION ENROLMENTS BY REGIONAL GROUPING¹

Onshore students on student visas only, full-year 2017²



1. All Overseas Students by Country of Permanent Home Residence are all students not classified as Domestic.
2. 2017 data contains statistics relating to students enrolled in higher education courses in each Australian Higher Education Provider and is correct as at the July 2018 release of student data (revised monthly).
3. Excludes New Zealand as students do not require an international student visa to study in Australia.
4. 'Other' includes students from countries not known or no further information was provided.

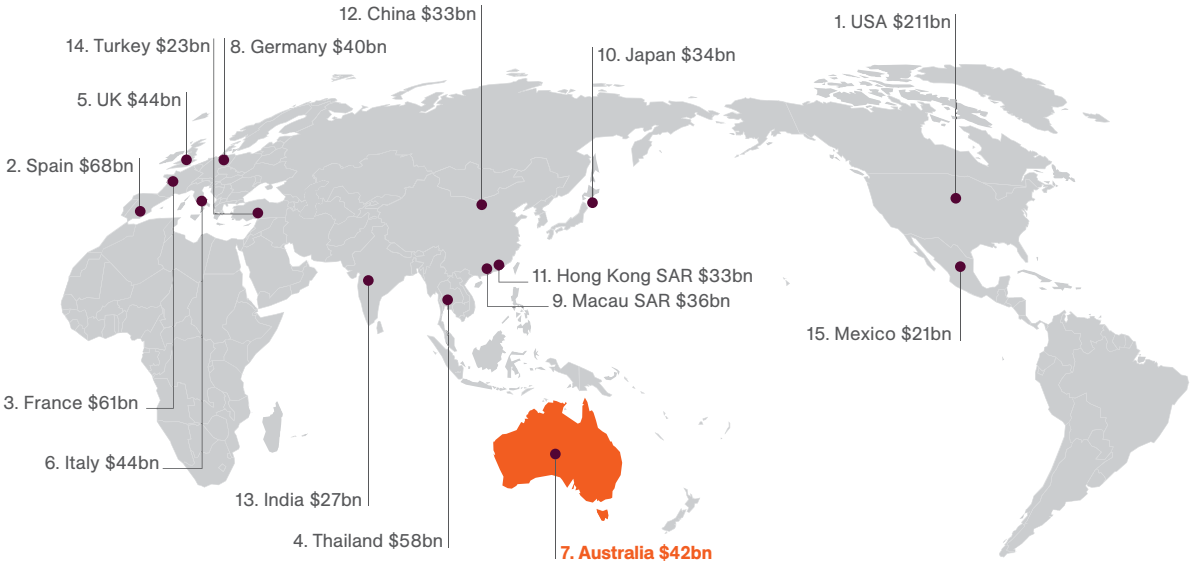
Source: Austrade, Market Information Package, Detailed Pivot Table, July 2018 release, correct as at 6 November 2018

MAJOR TOURISM DESTINATION

Australia is the world's seventh largest international tourism market based on its 3.1 per cent share of global tourism receipts (US\$42 billion out of US\$1.3 trillion). Australia benefits more from the contribution of tourism receipts as a percentage of its GDP than nations such as the USA, France, UK, Italy, China and Japan. The Australian Bureau of Statistics estimates that tourism contributed 3.2 per cent to Australia's total GDP (or A\$55 billion) in 2016–17.

TOP 15 GLOBAL TOURISM RECEIPTS MARKETS

2017, receipts (US\$)¹



¹ Data collected by UNWTO, September 2018. For the purposes of international comparison, this chart uses the UNWTO definition of tourism receipts. Note that this differs from the Tourism Research Australia (TRA) definition on page 24. The UNWTO figures include long-term education-related travel services (in addition to short-term education-related travel services and personal travel services), while the TRA estimates exclude long-term education-related travel services.

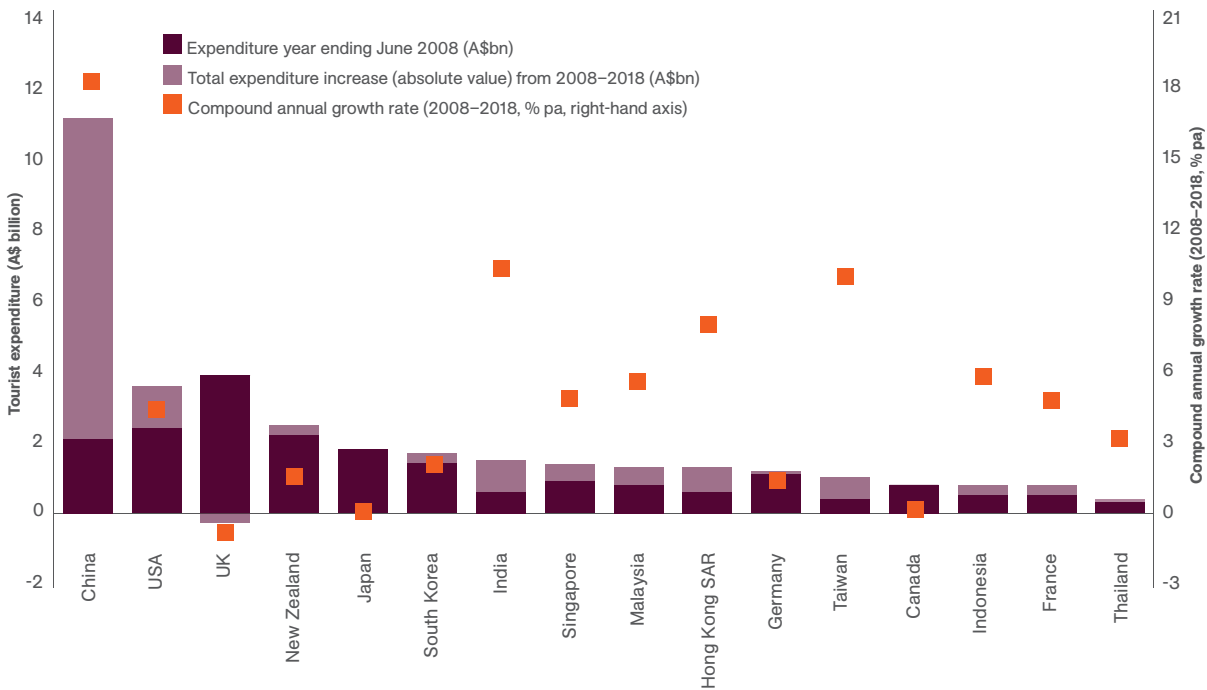
Sources: United Nations World Tourism Organization, *World Tourism Highlights 2018 Edition* (released August 2018); Austrade

RECORD LEVELS OF INTERNATIONAL TOURISM EXPENDITURE

In 2017–18, Australia experienced record inbound tourism expenditure, led by strong growth from China, India, South Korea and Indonesia. Collectively, the tourism expenditure of the top 10 Asian markets (including New Zealand) grew by almost seven per cent to A\$24 billion – totalling more than half of Australia’s tourism receipts.

AUSTRALIA’S TOTAL INBOUND TOURISM EXPENDITURE BY MARKET

Financial year total ending June each year (expenditure total in 2017–18 = A\$42.5 billion)



Sources: Tourism Research Australia, International Visitor Survey, June 2018 (released 2 November 2018); Austrade

03

INNOVATION AND SKILLS

Record of Innovation	27
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INNOVATION AND SKILLS

Education, innovation and science underpin Australia's economic prosperity and job creation.

Australia's highly educated, multilingual and multicultural workforce has an entrepreneurial spirit – the nation is ranked 5th among its peers for global entrepreneurship.

The amount of public- and private-sector expenditure on R&D is growing strongly. Despite having only 0.3 per cent of the world's population, Australia contributed to over four per cent of world research publications in 2017.

Australia's services-based industries include a strong technology sector. The nation has world-leading capabilities in blockchain and quantum computing. The startup ecosystem is robust and growing, with strong competencies in agtech, edtech, fintech, foodtech and medtech.

International organisations have numerous opportunities to collaborate with Australian research institutions; invest in or incorporate Australian products or solutions into existing products; or enter into joint ventures to take products to the global market.



RECORD OF INNOVATION

Australia is a nation of inventors and entrepreneurship is on the rise. The nation's rollcall of inventions, which includes high-speed wi-fi and Google Maps, speaks for itself. Australia welcomes investment in its intellectual capital to help lay the groundwork for future discoveries.

AUSTRALIA'S INNOVATION CREDENTIALS



RANKED 1ST

FOR **TECHNOLOGICAL**
READINESS¹



CSIRO RANKS IN THE

TOP 1%

OF THE WORLD'S
SCIENTIFIC INSTITUTIONS
IN 14 OF 22 RESEARCH FIELDS⁴



3RD HIGHEST

NUMBER OF UNIVERSITIES
IN THE **WORLD'S TOP 100**²



ALMOST 49%

OF AUSTRALIAN FIRMS ARE
INNOVATION-ACTIVE⁵



RANKED 5TH

FOR **GLOBAL**
ENTREPRENEURSHIP³



AROUND 43%

OF AUSTRALIA'S WORKFORCE
HAS A **TERTIARY QUALIFICATION**⁶

Sources: 1. Economist Intelligence Unit, 2018 Technological Readiness Ranking, forecast for 2018–2022; 2. Shanghai Ranking Consultancy, Academic Ranking of World Universities 2018; 3. Global Entrepreneurship and Development Institute, Global Entrepreneurship Index 2018, 29 November 2017; 4. CSIRO Annual Report 2017–18; 5. Department of Innovation, Industry and Science, Australian Innovation System Report, November 2017; 6. Australian Bureau of Statistics, Cat. No. 62270DO001_201805 Education and Work, Australia, May 2018 Table 10 (released 8 November 2018)

AN INNOVATIVE, HIGHLY EDUCATED NATION

Australia's highly educated workforce has the skills to service a diverse range of industries. The 2018 Human Development Index ranked Australia third in the world – well above many other major developed economies and ahead of all members of the G7. The quality of Australia's ICT infrastructure, its human capital and research, and scientific research publications are all ranked in the world's top 10.

SKILLED WORKFORCE AND INNOVATION INDICATORS – 2018

	Australia	USA	UK	France	Germany	Japan	South Korea	China	India	Singapore
WEF Global Competitiveness Report 2018 Ranking^(a) in:										
Reliance on Professional Management	5	11	12	24	22	16	61	46	33	3
Mobile Broadband Subscriptions/100 pop.	6	9	40	42	53	8	17	45	116	4
Willingness to Delegate Authority	8	7	14	36	12	25	88	50	38	18
Diversity of Workforce	8	3	7	70	16	81	82	77	38	2
Scientific Publications H-Index ¹	10	1	2	5	3	6	18	14	21	24
Critical Thinking in Teaching	13	1	10	48	8	70	90	24	17	21
IMD World Competitiveness Yearbook 2018 Ranking^(b) in:										
Student Mobility Inbound ²	1	24	7	23	25	47	46	56	59	3
Availability of Skills – Finance Skills	10	12	4	24	20	45	47	35	22	13
Availability of Skills – Foreign Highly-skilled Personnel	12	5	14	29	16	50	49	28	36	3
The Global Innovation Index 2018 Ranking^(c) in:										
Information and Communication Technologies (ICT) ³	4	10	1	7	18	5	2	7	83	8
Human Capital and Research ⁴	3	21	8	11	10	16	2	11	56	1
Generic Top-level Domains ⁵	10	1	12	18	14	31	43	69	97	23
UNDP's Human Development Report 2018 Ranking^(d) in:										
Human Development Index	3	13	14	24	5	19	22	24	130	9

1. The H-Index is a numerical indicator of how productive and influential a researcher is. **2.** Foreign tertiary-level students per 1,000 inhabitants. **3.** ICT score is the average score of infrastructure ICT: ICT access, ICT use, government online service and e-participation. **4. Human Capital and Research** includes Education, Tertiary Education and Research and Development. **5. Generic top-level domains** are one of the categories of top-level domains maintained by the Internet Assigned Numbers Authority for use in the Domain Name System of the Internet.

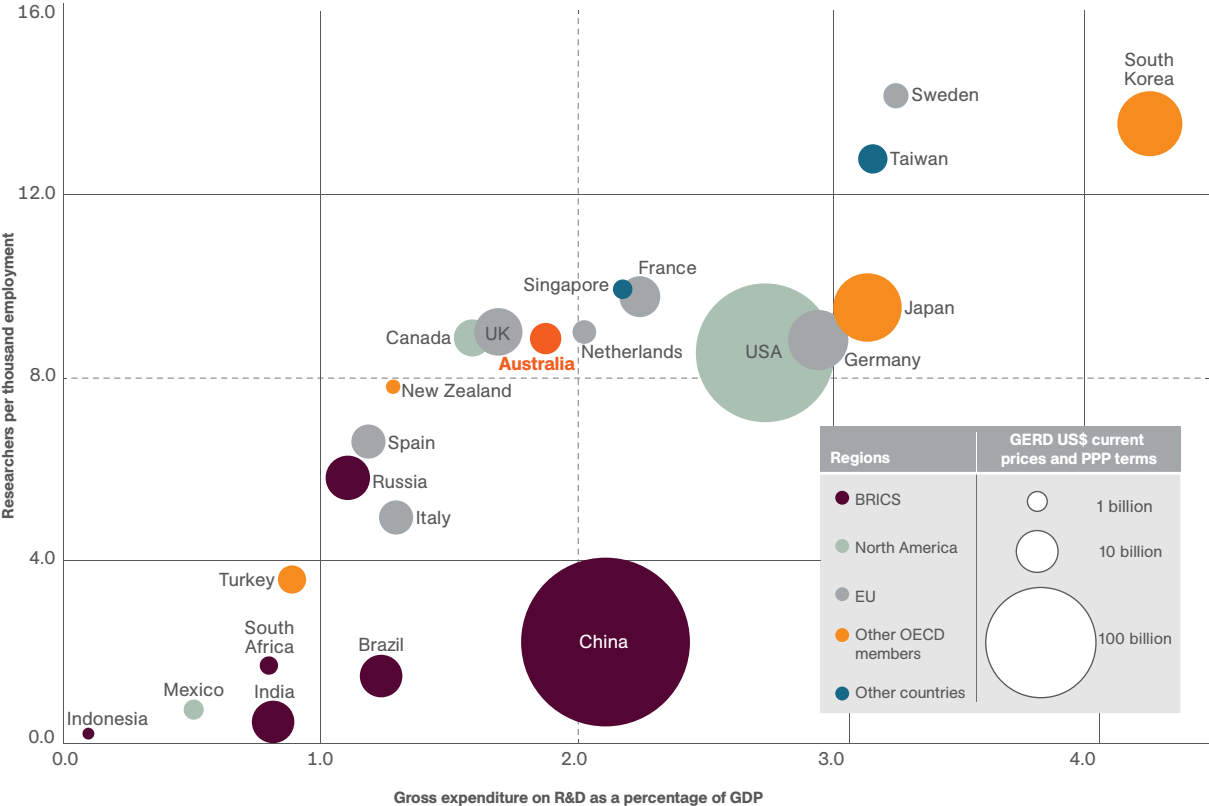
Sources: (a) World Economic Forum (WEF), Switzerland and Harvard University, *Global Competitiveness Report 2018* (released 17 October 2018, 140 economies); (b) International Institute for Management Development (IMD), Switzerland, *IMD World Competitiveness Yearbook 2018* (released May 2018, 63 economies); (c) Co-publishers: Cornell University, INSEAD and the World Intellectual Property Organization (WIPO), *The Global Innovation Index 2018* (126 economies), 11th edition; (d) The United Nations Development Programme (UNDP), *Human Development Report 2018* (released 14 September 2018, 189 economies); Austrade

LEADING ECONOMY FOR R&D EXPENDITURE

Australia invests approximately US\$21 billion on R&D (on a purchasing power parity basis). The nation's R&D expenditure places it among the world's leading innovative countries, including the USA, Japan, France, Germany and South Korea. Australia's gross R&D expenditure has increased, on average, by around 6.8 per cent annually in PPP terms since 2000 – well above the OECD average growth rate of 4.8 per cent.

WORLD OF RESEARCH AND DEVELOPMENT

Size of circle reflects the relative amount of annual gross expenditure on R&D (GERD) in US\$ current prices and purchasing power parity terms



Note: GERD as a percentage of GDP ratios refer to 2016 except for Singapore (2014) and Australia, New Zealand, South Africa and Turkey (2015). Researcher figures refer to 2016 except for Australia (2010), Mexico (2013), Canada and Singapore (2014), Japan, France, New Zealand, Turkey, USA and South Africa (2015). GERD values (US\$ PPP) refer to 2016, except for Singapore (2014), Australia, New Zealand and Turkey (2015). Figures for India, Indonesia and Brazil were from the latest figures published in OECD.Stat Science Technology and Innovation Outlook 2016.

Sources: UNESCO Institute for Statistics, Dataset: Main Science and Technology Indicators, extracted on 6 July 2018, UIS.Stat (<http://data.uis.unesco.org/>); Austrade

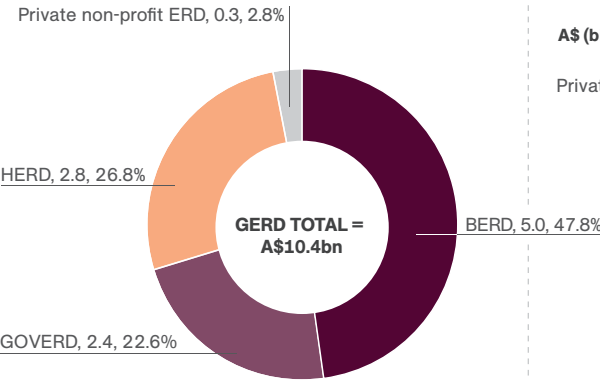
AUSTRALIAN INDUSTRY DRIVES R&D EXPENDITURE

Australia's annual gross expenditure on R&D is growing strongly, having risen around eight per cent per annum between 2000–01 and 2015–16 (in Australian dollar terms). Business expenditure on R&D accounts for 52 per cent of Australia's total R&D expenditure, increasing from A\$5 billion in 2000–01 to about A\$17 billion in 2015–16.

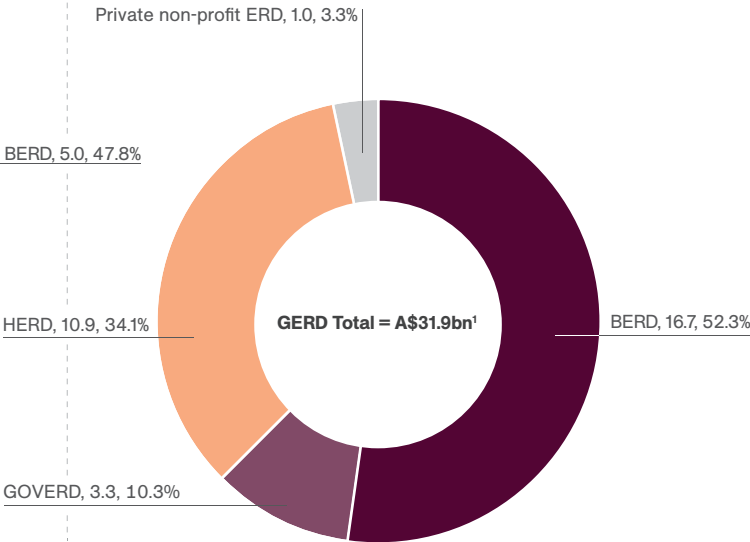
AUSTRALIA'S GROSS EXPENDITURE ON RESEARCH AND DEVELOPMENT

Compound annual growth rate of Australia's GERD total from 2000–01 to 2015–16 = 7.7%

A\$ (billion) and percentage share of total expenditure, 2000–01



A\$ (billion) and percentage share of total expenditure, 2015–16



GERD = Gross expenditure on research and development; **BERD** = Business expenditure on R&D; **GOVERD** = Government expenditure on R&D; **HERD** = Higher Education expenditure on R&D; **Private non-profit ERD** = Private non-profit expenditure on R&D.

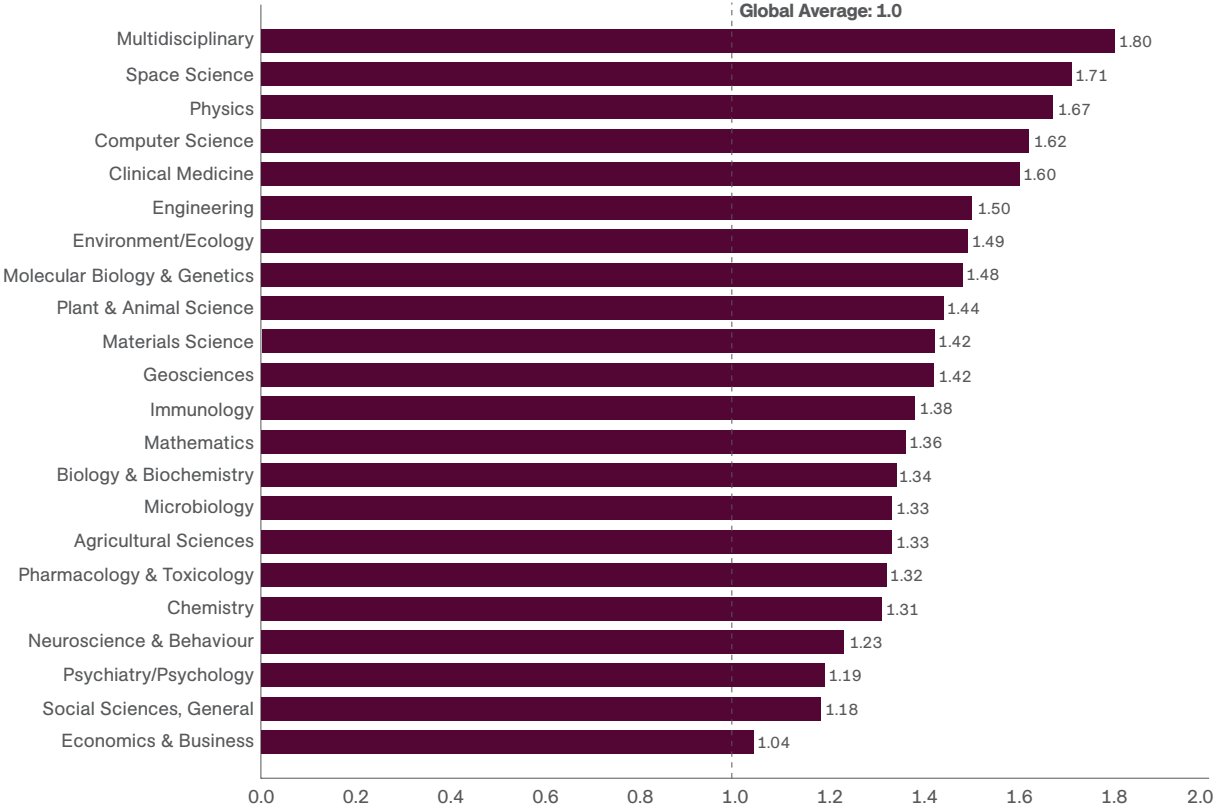
1. 2015–16 GERD total was estimated based on 2015–16 data for BERD, 2016 data for HERD and 2016–17 figures for GOVERD and private non-profit ERD.

Sources: Australian Bureau of Statistics (ABS), Cat. No. 8104.0 Research and Experimental Development, Businesses, Australia, 2015–16 (released 15 September 2017); ABS Cat. No. 8109.0 Research and Experimental Development, Government and Private Non-Profit Organisations, Australia, 2016–17 (released 5 July 2018); ABS Cat. No. 8111.0 Research and Experimental Development, Higher Education Organisations, Australia, 2016 (released 22 May 2018); Austrade

AUSTRALIAN SCIENTIFIC RESEARCH HAS MAJOR IMPACT

In 19 out of 22 scientific research fields, Australia's scientific research publications averaged a relative impact of at least 20 per cent above the global average. Australia's seven strongest categories of published research – multidisciplinary, space science, physics, computer science, clinical medicine, engineering and environment/ecology – reflect the country's diverse research interests.

RELATIVE IMPACTS OF AUSTRALIAN SCIENTIFIC PUBLICATIONS BY RESEARCH FIELD – 2013–17



Sources: InCites™, Clarivate Analytics. Data as at 1 September 2018, accessed 11 September 2018; Austrade

TOP RANKING ACADEMIC INSTITUTIONS

Australia has six universities in the top 100 in the 2018 Academic Ranking of World Universities (ARWU): the University of Melbourne, the University of Queensland, the University of Sydney, the Australian National University, Monash University and the University of Western Australia. Twenty-three Australian universities are listed in the ARWU top 500 ranking in 2018, compared with 14 in 2004.

ACADEMIC RANKING OF WORLD UNIVERSITIES 2018

	Country	Top 100	Top 200	Top 300	Top 400	Top 500
1	USA	46	69	95	117	139
2	UK	8	21	28	34	39
3	Australia	6	9	15	21	23
4	Switzerland	5	7	7	8	8
5	Germany	4	14	20	28	36
6	Canada	4	9	12	18	18
7	Netherlands	4	9	10	11	11
8	China	3	12	23	35	51
9	France	3	8	14	17	19
10	Japan	3	7	9	12	169
11	Sweden	3	5	8	9	11
12	Belgium	2	4	6	7	7
13	Israel	2	4	4	4	6
14	Denmark	2	3	4	5	5
15	Singapore	2	2	2	2	2
16	Norway	1	2	3	3	3
17	Finland	1	1	1	3	4
18	Russia	1	1	1	2	4
19	South Korea	—	2	5	8	10
20	Hong Kong SAR	—	2	5	5	5
21	Saudi Arabia	—	2	3	4	4
22	Italy	—	1	8	10	15
23	Spain	—	1	4	7	10
24	Austria	—	1	3	4	6
25	Taiwan	—	1	2	3	6
Top 1 to 25 Economies		100	197	292	377	458
Top 26 to 62 Economies		0	3	8	23	42
Total		100	200	300	400	500

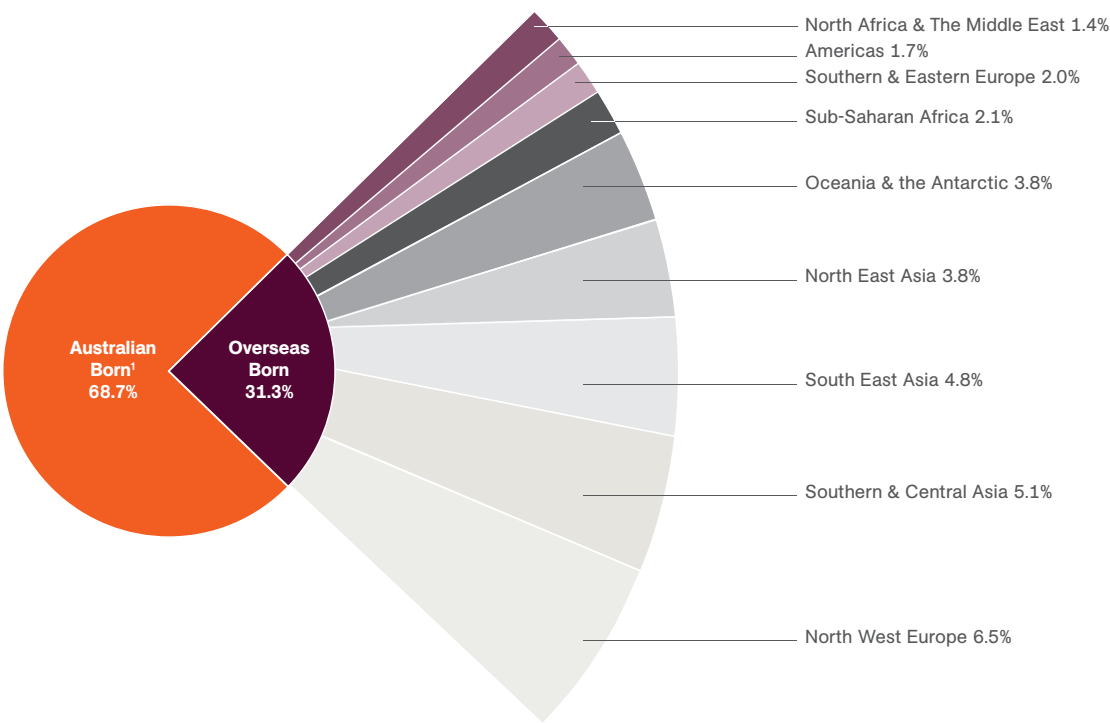
Source: The Academic Ranking of World Universities, The Centre for World-Class Universities at Shanghai Jiao Tong University (CWCU) (<http://www.shanghairanking.com/index.html>); Austrade

CULTURALLY DIVERSE LABOUR FORCE

Over 30 per cent of Australia's 12.6 million-strong employed persons were born overseas. Many foreign-born employees are from Asia or Europe, enriching Australia's reputation for culturally diverse workplaces and boosting the nation's competitive edge in international business.

AUSTRALIA'S EMPLOYED PERSONS BY BIRTHPLACE – 2018

Total employed persons as at August 2018: 12.6 million



1. Australia figure includes External Territories and data inadequately described.

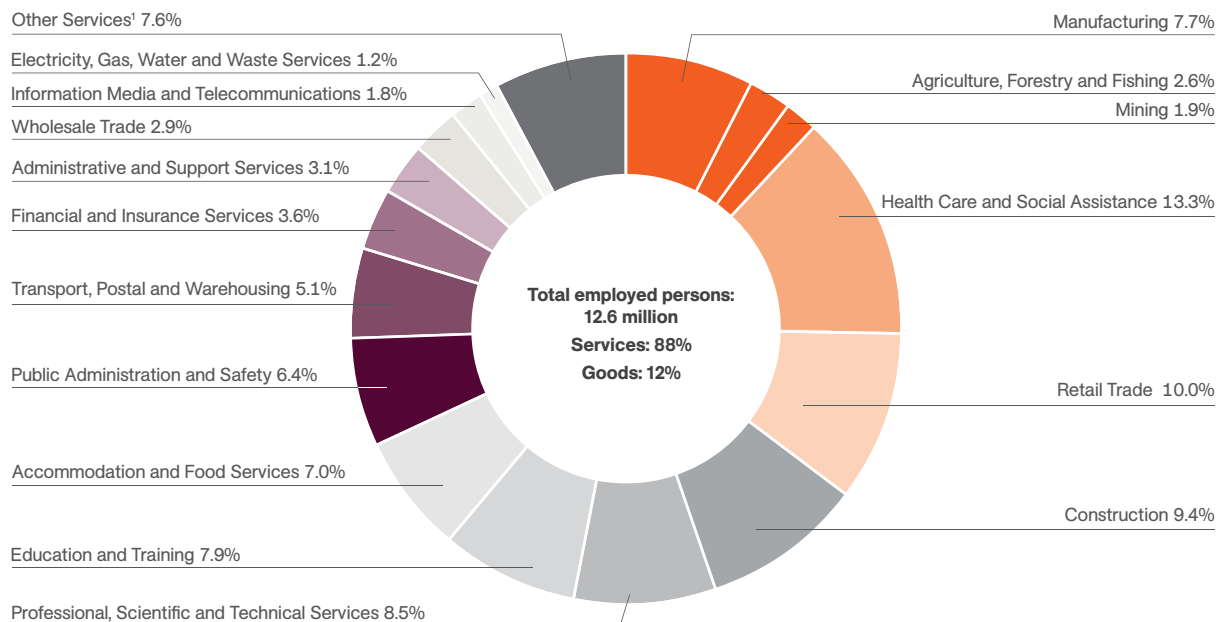
Sources: Australian Bureau of Statistics, Cat. No. 6291.055.001 – Labour Force, Australia, Detailed – Electronic Delivery, August 2018, data cubes LM5 (released 20 September 2018); Austrade

DIVERSIFIED, SERVICES-BASED WORKFORCE

Eighty-eight per cent of Australians are employed in the services sector. Over 40 per cent (five million people) work in sectors where tertiary education is standard for many employees. This includes: education and training; professional, scientific and technical services; financial and insurance services; health care and social assistance; public administration and safety; and information media and telecommunications.

AUSTRALIA'S EMPLOYED PERSONS BY INDUSTRY – 2018

August 2018, percentage of total employed persons, trend terms



Note: Total may not add up due to rounding.

1. Including Rental, Hiring and Real Estate Services (1.8%), Arts and Recreation Services (2.0%) and Other Services (3.8%).

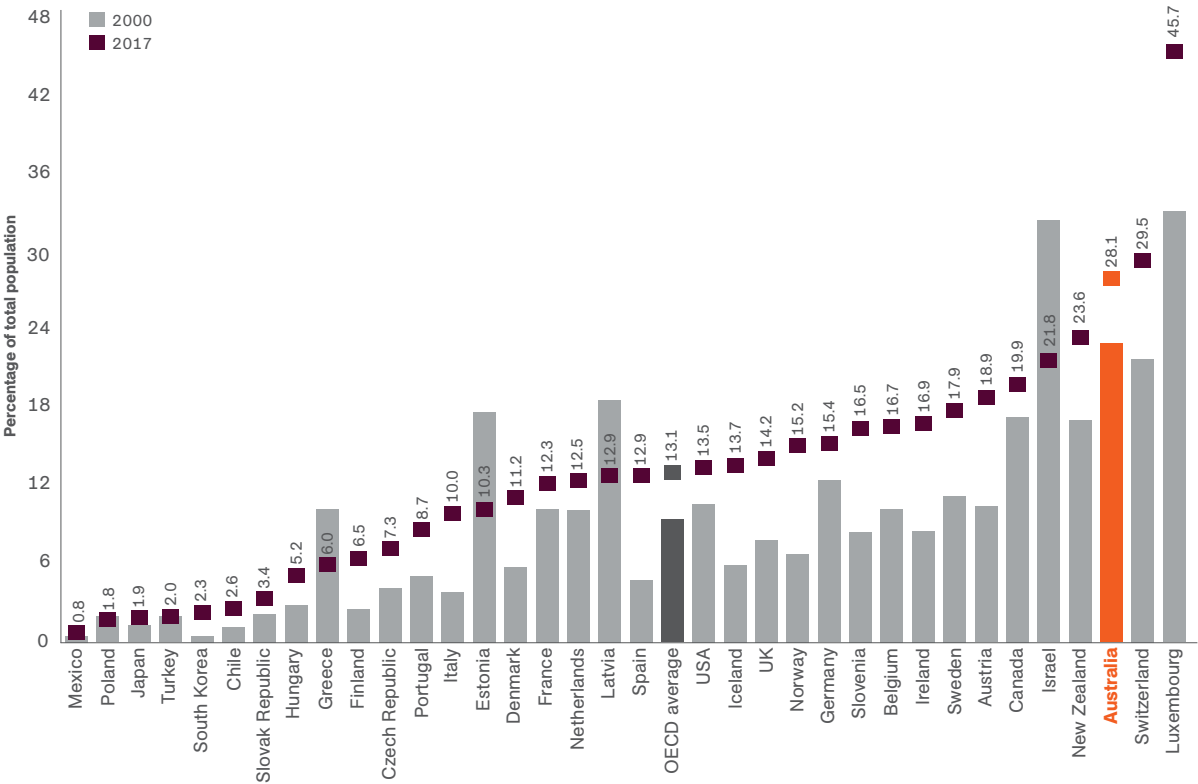
Sources: Australian Bureau of Statistics, Cat. No. 6291.0.55.003 *Labour Force, Australia, Detailed, Quarterly, Table 4. Employed persons by industry division of main job (ANZSIC) – Trend, Seasonally Adjusted, and Original, Time Series Workbook* (released 20 September 2018); Austrade

A MULTICULTURAL POPULATION

Twenty-eight per cent of Australia's population was born overseas in 2017 – the third highest percentage among OECD member nations. This ratio is up from 2000 when it was 23 per cent. Almost 3.2 million (one in seven) Australians speak an Asian language – more than 900,000 speak a Chinese language and 800,000 speak a Southern Asian language – while 1.4 million Australians speak a European language.

FOREIGN-BORN POPULATION

As a percentage of total population, 2000 and 2017



Note: Data refers to 2000 or the closest available year, and to 2017 or the most recent available year. The OECD average is a simple average based on rates presented. For Japan and South Korea, the data refers to the foreign population rather than the foreign-born population.

Sources: OECD, *International Migration Outlook 2018*, OECD Publishing, Paris, https://doi.org/10.1787/migr_outlook-2018-en, Page 41, Figure 1.12; Austrade

04

GLOBAL TIES

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The Valuable Contribution of Foreign-owned Businesses	45
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Expanding Network of Free Trade Agreements	47



GLOBAL TIES

Australia has an open and globally integrated economy, making it a trusted partner for trade and investment.

Nine of the top 10 Fortune Global 500 and eight of the top 10 Forbes Global 2000 companies have operations in Australia.

The country continues to play an integral role in Asia's dynamic economic growth. Ten of Australia's top 12 export markets are located within the Asian and Oceania region.

International companies can tap into Australia's deep business and cultural ties with Asia to expand into or enter global value chains across the region. Australia's free trade agreements facilitate the smooth flow of goods, services and investments with major economies across the globe.

A top destination for international investment, Australia's inwards foreign direct investment continues to grow, driven in part by rising contributions from the Asian region.

Australia's location bridges the world's major time zones, offering 24-hour access for organisations with around-the-clock operations.

**TOP
5 TRADING
PARTNERS**

**CHINA
JAPAN
USA
KOREA
INDIA**

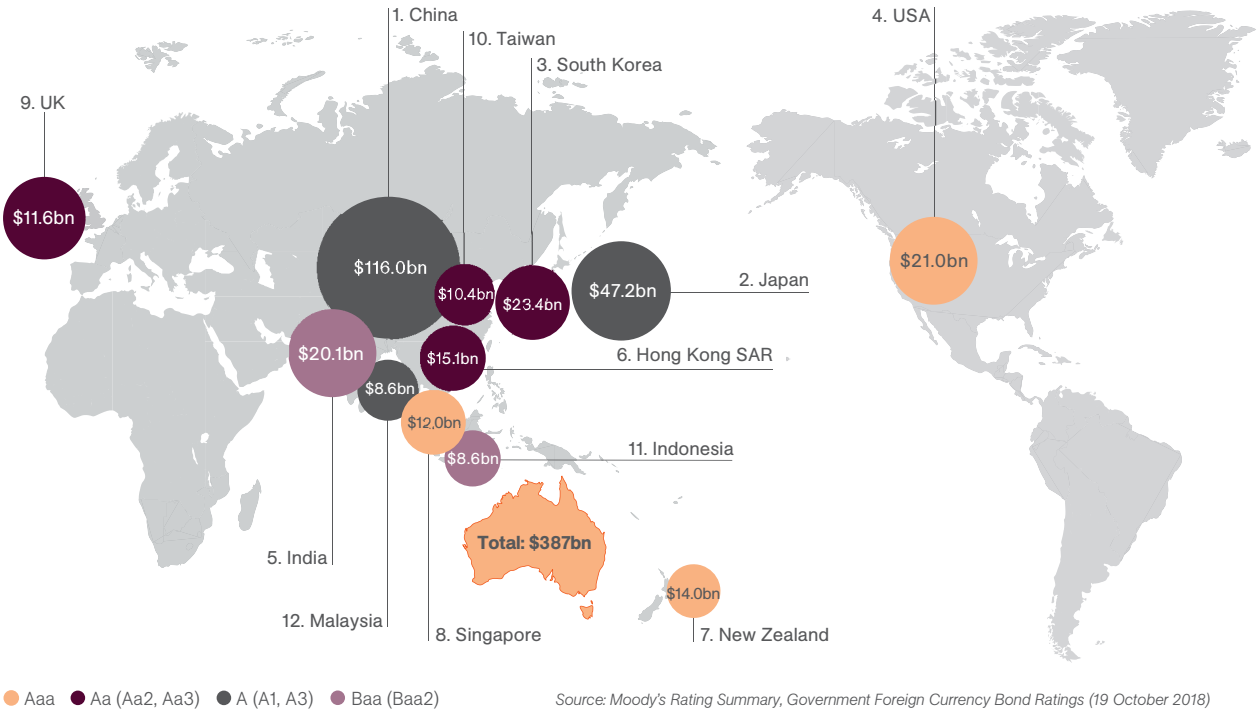


AUSTRALIA'S TOP 12 EXPORT MARKETS

Australia's links to Asian markets are more vital than ever. In 2017, 10 of Australia's top 12 export markets were located in Asia and all were rated above investment-grade. Their combined value was around A\$275 billion, making up more than 70 per cent of Australia's total goods and services export earnings of A\$387 billion in 2017. Since 2007, the total export value of Australia's top 10 Asian markets has doubled.

AUSTRALIA'S TOP 12 GOODS AND SERVICES EXPORT MARKETS – 2017

A\$, as at 2017



Note: The Asian region is defined as Asia, ASEAN and Oceania.

Sources: Department of Foreign Affairs and Trade, Office of Economic Analysis, Investment and Economic Division, statistics section, Australia's trade in goods and services (released September 2018); Austrade

STRONG TWO-WAY TRADE

In 2017, Australia's two-way trade in goods and services totalled A\$763 billion, making up more than 40 per cent of nominal GDP. The Asian region accounted for around two-thirds of Australia's total trade, with a strong compound annual growth rate of seven per cent since 2007. Nine of Australia's 12 largest markets – with a total trade value of around A\$453 billion – are in Asia and Oceania, reflecting the nation's advantageous location and integrated economic ties.

AUSTRALIA'S EXPORTS AND IMPORTS OF GOODS AND SERVICES

Current price (A\$ billion) – goods on a recorded trade basis, services on a balance of payments basis¹

Rank	Selected Economies ²	1997	2007	2015	2016	2017	2017 % Share of Total	% Growth 2016 to 2017	CAGR 2007 to 2017
1	China	9.7	58.3	151.1	158.0	183.4	24.0	16.1	12.1
2	Japan	33.4	54.4	65.2	61.3	71.8	9.4	17.3	2.8
3	USA	33.7	49.2	71.5	65.6	68.3	9.0	4.4	3.3
4	South Korea	11.0	22.0	36.4	32.3	55.3	7.2	70.9	9.7
5	India	na	13.6	20.5	21.5	27.5	3.6	27.7	7.3
6	New Zealand	12.9	22.5	25.0	25.6	27.4	3.6	7.0	2.0
7	UK	13.8	25.8	24.5	30.4	26.6	3.5	-12.3	0.3
8	Singapore	8.8	22.4	26.0	23.1	25.4	3.3	9.9	1.2
9	Thailand	3.8	15.1	21.3	21.6	23.0	3.0	6.7	4.3
10	Germany	7.2	14.4	18.9	20.4	20.7	2.7	1.7	3.7
11	Malaysia	6.0	13.1	19.5	18.1	20.7	2.7	13.6	4.7
12	Hong Kong SAR	6.8	7.8	15.9	16.8	18.8	2.5	11.9	9.2
	Other economies	78.4	152.3	187.8	192.9	194.3	25.5	0.7	2.8
	Total all economies³	225.5	470.8	683.5	687.5	763.2	100.0	11.0	5.0
Regions and groups⁴									
	Asia	108.4	257.2	426.5	423.9	503.2	65.9	18.7	6.9
	ASEAN	30.7	72.4	98.5	95.8	104.7	13.7	9.3	3.7
	Europe	45.2	92.5	103.3	111.9	112.8	14.8	0.8	2.0
	Americas	39.8	63.3	90.2	84.1	88.3	11.6	4.9	3.4

1. DFAT estimates total trade in goods and services on a regional basis by adding goods (merchandise) data on a recorded trade basis with services data on a Balance of Payments (BOP) basis. 2. May exclude selected confidential export commodities from June 2013 onwards and selected confidential import commodities from September 2008 onwards. Refer to <http://dfat.gov.au/about-us/publications/trade-investment/Pages/dfat-adjustments-to-abs-official-trade-data.aspx> for more information and a list of the commodities excluded. 3. Balance of payments basis. 4. Group totals include actual partner economy export totals (from 2013 onwards) and actual import totals (from Sep 2008 onwards) for selected economies only – see DFAT website.

Note: Totals may not always add up exactly due to rounding. **CAGR** = compound annual growth rate from 2007 to 2017

Sources: Department of Foreign Affairs and Trade (DFAT), Merchandise trade data is consistent with ABS Cat. No. 5368.0 (July 2018) and unpublished ABS data while services data has been sourced from ABS Cat. No. 5368.0.55.003/4; Austrade

SUCCESSFUL TRADING ECONOMY

Australia's export volumes have continued to increase as the inflow of foreign direct investment (FDI) since 2007 translates into new production capacity. The nominal export value of goods and services surged by 15 per cent in 2017, with robust growth in mineral and fuel exports. Services exports increased by almost nine per cent in 2017 and contributed A\$85 billion to export earnings, due to strong growth in education and tourism services.

AUSTRALIA'S TRADE BY BROAD SECTOR AND TOP 10 GOODS AND SERVICES

Australia's Trade by Broad Sector ¹				Top 10 Commodities (Goods and Services) ²			
	(A\$ billion)		% Change		(A\$ billion)		% Change
	2016	2017	2016 to 17		2016	2017	2016 to 17
Exports of goods & services	336.9	386.7	14.8	Exports of goods and services			
Goods exports	259.1	302.0	16.6	1 Iron ores & concentrates	53.8	63.1	17.4
Rural goods	42.6	48.4	13.7	2 Coal	42.3	57.1	35.2
Meat & meat preparations	11.1	11.8	6.7	3 Education-related travel services ⁴	25.8	30.3	17.3
Cereal grains & cereal preparations	7.6	9.3	23.1	4 Natural gas	17.9	25.6	43.0
Wool & sheepskins	3.4	4.0	18.4	5 Personal travel (excl. education) services	21.2	21.3	0.4
Other rural	20.5	23.2	13.1	6 Gold	18.9	17.6	-6.5
Non-rural goods	196.0	234.9	19.9	7 Aluminium ores & conc (incl. alumina)	6.5	8.4	30.4
Minerals & fuels	140.4	177.8	26.6	8 Beef, f.c.f. ⁵	7.4	7.5	0.7
Manufactures	43.7	45.0	2.9	9 Wheat	4.9	6.1	24.9
Other non-rural (incl. sugar & beverages)	10.4	10.6	1.5	10 Crude petroleum	4.8	5.2	10.4
Goods procured in ports by carriers	1.6	1.7	7.5				
Other goods³	20.5	18.7	-8.9	Imports of goods and services			
Services exports	77.8	84.7	8.8	1 Personal travel (excl. education) services	37.1	40.0	7.7
Imports of goods & services	350.6	376.6	7.4	2 Passenger motor vehicles	21.4	22.8	6.6
Goods imports	267.1	288.2	7.9	3 Refined petroleum	14.9	19.2	29
Services imports	83.6	88.4	5.7	4 Ships, boats & floating structures ⁶	1.0	18.9	..
Two-way trade	687.5	763.2	11.0	5 Telecom equipment & parts	12.0	12.8	6.8
				6 Crude petroleum	8.0	9.5	19
				7 Goods vehicles	7.5	8.8	17
				8 Freight transport services	8.8	8.7	-0.6
				9 Computers	7.3	8.2	12.2
				10 Medicaments (incl. veterinary)	7.6	7.1	-6.6

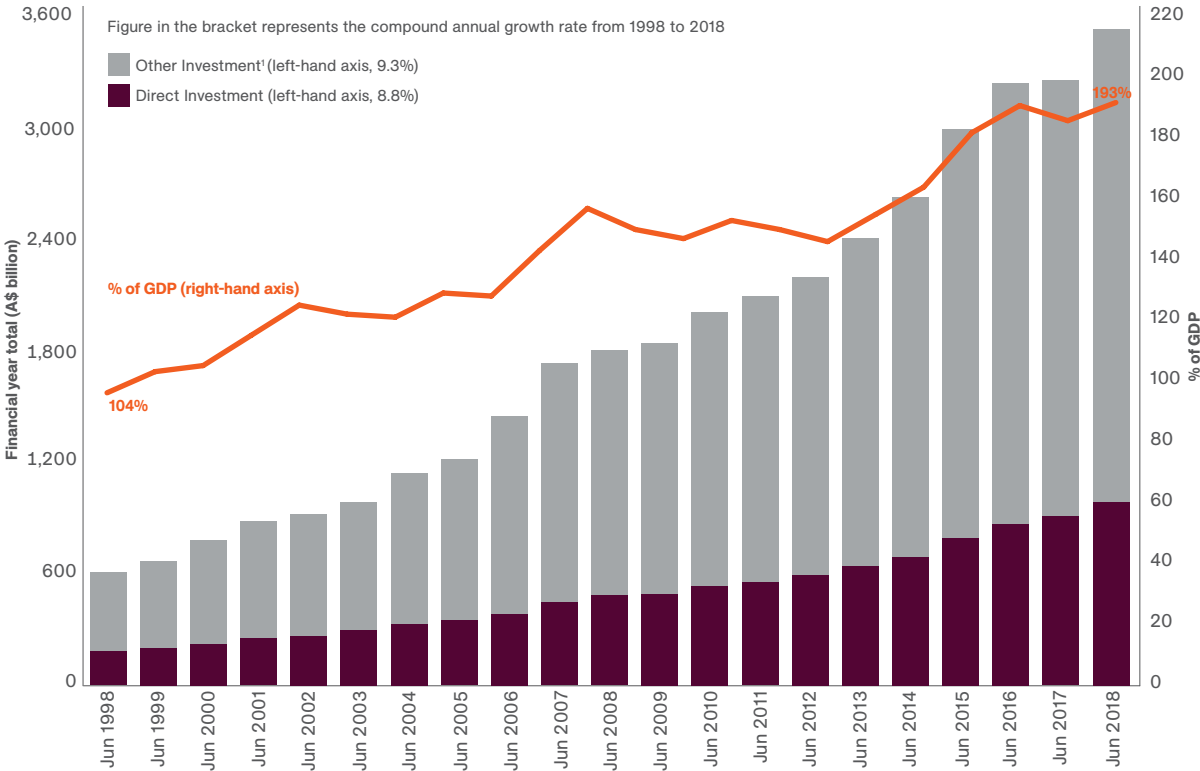
1. Balance of payments basis. Based on ABS Cat. No. 5302.0. 2. Goods trade is on a recorded trade basis, Services trade is on a balance of payments basis. 3. Net exports of goods under merchanting plus non-monetary gold. 4. Includes student expenditure on tuition fees and living expenses. 5. f.c.f = fresh, chilled or frozen. 6. DFAT estimate for 2017 only. As the percentage change is over 1,000%, DFAT uses '.' to indicate it is 'not meaningful'. **Note:** Totals may not always add up exactly due to rounding.

Sources: Department of Foreign Affairs and Trade (DFAT), Composition of Trade Australia 2017, Tables 2, 4 and 5. DFAT data was based on DFAT STARS database, ABS Cat. No. 5302.06 & 5429.0; Austrade

HIGH-GROWTH DESTINATION FOR FOREIGN INVESTMENT

Australia hosts around A\$3.6 trillion of foreign investment stock. FDI and other investment (including portfolio investment) have recorded strong growth, up 8.8 per cent and 9.3 per cent on average each year respectively since 1998. As a percentage of GDP, Australia's total value of foreign investment stock reached 193 per cent in June 2018, almost double that of two decades ago.

TOTAL FOREIGN INVESTMENT STOCK IN AUSTRALIA – 1998–2018



1. Other investment is the balance of total investment less direct investment. As such, it represents portfolio investment, financial derivatives and other investment categories from the source ABS data.

Sources: Australian Bureau of Statistics (ABS), Cat. No. 5302.0 Balance of Payments and International Investment Position, Australia, Table 15. International Investment: Foreign Liabilities – Quarter (released 4 September 2018); ABS Cat. No. 5206.0 Australian National Accounts: National Income, Expenditure and Product, June 2018, Table 36 (released 5 September 2018); Austrade

ASIA: A GROWING SOURCE OF FOREIGN DIRECT INVESTMENT

After an average annual increase of eight per cent over 2015 and 2016, Australia's inward FDI stock value grew by around seven per cent to A\$849 billion in 2017. As a percentage of GDP, Australia's inward FDI stock was 47 per cent in 2017, up from 37 per cent in 2011. The USA and EU remain the dominant sources of FDI but there has been a solid increase in capital inflows from Asia, particularly China and the ASEAN region.

MAIN SOURCES OF FOREIGN DIRECT INVESTMENT (FDI) STOCK IN AUSTRALIA, 2011–17

Ranking by Economy in 2017		2011	2012	A\$ billion		2013	2014	2015	2016	2017	% Share 2017	% Change 2016–17	% CAGR 2011–17	Growth (A\$ billion) 2011–17
1	USA	115.5	131.1	152.4	163.3	182.8	193.0	189.9			22.4	-1.6	8.6	74.4
2	Japan	54.9	64.3	67.8	71.3	86.6	91.0	92.5			10.9	1.6	9.1	37.7
3	UK	66.1	72.9	79.3	78.6	64.7	74.7	83.2			9.8	11.4	3.9	17.0
4	Netherlands	29.7	30.0	29.7	40.1	47.8	51.8	53.5			6.3	3.3	10.3	23.8
5	China	14.5	16.5	23.4	31.9	35.7	38.7	40.7			4.8	5.1	18.8	26.2
6	Canada	19.0	21.0	16.9	22.7	24.8	28.4	35.4			4.2	24.6	10.9	16.4
7	Singapore	19.9	22.4	23.3	27.9	29.2	23.4	26.3			3.1	12.2	4.7	6.4
8	Hong Kong SAR	7.6	7.4	7.9	9.6	12.6	13.4	26.0			3.1	94.3	22.8	18.4
9	Bermuda	5.8	6.7	10.0	28.6	23.3	22.5	25.5			3.0	12.9	27.8	19.6
10	Germany	14.1	13.6	13.5	15.8	17.0	19.5	23.8			2.8	21.9	9.1	9.7
11	Virgin Islands, British	np	19.3	np	np	21.5	21.5	20.8			2.4	-3.2	na	na
12	Malaysia	np	7.1	9.1	9.6	10.8	12.3	13.5			1.6	10.0	na	na
13	Luxembourg	3.4	4.2	2.9	2.9	2.8	6.3	9.6			1.1	50.8	18.7	6.1
14	Switzerland	22.9	22.5	19.0	7.9	9.1	9.3	9.2			1.1	-0.3	-14.1	-13.7
FDI stock – All economies		547.0	591.8	642.8	686.4	736.0	797.1	849.1			100.0	6.5	7.6	302.1
OECD		358.5	390.2	412.8	428.6	466.5	507.1	527.0			62.1	3.9	6.6	168.5
APEC		247.8	279.0	312.3	348.0	392.0	412.6	437.7			51.6	6.1	9.9	190.0
EU		138.0	144.3	148.6	155.2	154.8	173.8	188.7			22.2	8.6	5.4	50.8
ASEAN		28.0	32.7	37.1	42.1	41.9	37.0	42.0			4.9	13.4	7.0	14.0
FDI stock – All countries % GDP		37.4	39.1	41.1	42.6	44.9	46.9	47.2						

ASEAN = The Association of Southeast Asian Nations; CAGR = compound annual growth rate from 2011 to 2017; np = not available for publication but included in totals where applicable, unless otherwise indicated; na = not applicable

Sources: Australian Bureau of Statistics, Cat. No. 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2017 (released 9 May 2018), Table 2. Foreign Investment in Australia: Level of Investment by Country and Country Groups by type of investment and year; Austrade

AUSTRALIA: A TOP 10 DESTINATION FOR FOREIGN DIRECT INVESTMENT

In 2017, Australia was the eighth largest recipient of FDI inflows, up one place from 2016. From 2011–17, Australia's average annual FDI inflow was US\$47 billion, compared with an annual average of US\$28 billion over the previous seven years (2004–10). This represents a growth rate of 70 per cent over the two time periods, which raised Australia's share of global FDI inflows to 3 per cent from 2011–17, compared to 2.2 per cent from 2004–10.

FOREIGN DIRECT INVESTMENT (FDI) INFLOWS (US\$ BILLION)

Rank					% Change 2016–17	% Share 2017	Inflows Average		% Change 2004 to 17	% Average Share	
	2007	2015	2016	2017			2011 to 17	2004 to 10		2011 to 17	2004 to 10
World	1,894	1,921	1,868	1,430	-23.4	100.0	1,589	1,282	24.0	100.0	100.0
Developed economies	1,284	1,141	1,133	712	-37.1	49.8	851	763	11.6	53.6	59.5
Developing economies	522	744	670	671	0.1	46.9	676	455	48.6	42.6	35.5
Transition economies	87	36	64	47	-27.1	3.3	62	64	-3.9	3.9	5.0
1 USA	216	466	457	275	-39.8	19.3	290	192	51.3	18.2	14.9
2 China	84	136	134	136	2.0	9.5	129	87	48.7	8.1	6.8
3 Hong Kong SAR	58	174	117	104	-11.1	7.3	107	50	115.7	6.7	3.9
4 Brazil	35	64	58	63	8.1	4.4	69	34	100.6	4.4	2.7
5 Singapore	43	63	77	62	-19.9	4.3	62	30	108.2	3.9	2.3
6 Netherlands	114	70	86	58	-32.4	4.1	51	29	75.4	3.2	2.3
7 France	63	45	35	50	41.6	3.5	31	29	6.6	1.9	2.2
8 Australia	41	20	48	46	-2.9	3.2	47	28	69.9	3.0	2.2
9 Switzerland	34	82	48	41	-15.2	2.9	34	22	52.5	2.1	1.7
10 India	25	44	44	40	-10.3	2.8	36	24	48.7	2.3	1.9
11 British Virgin Islands	37	26	43	38	-11.8	2.7	57	31	83.6	3.6	2.4
12 Cayman Islands	28	52	40	37	-6.1	2.6	32	17	83.8	2.0	1.4
13 Germany	80	33	17	35	104.5	2.4	29	39	-25.7	1.8	3.0
14 Mexico	32	35	30	30	-0.2	2.1	31	26	21.7	2.0	2.0
15 Ireland	25	216	15	29	99.5	2.0	59	4	1,330.1	3.7	0.3
16 Russian Federation	55	12	37	25	-32.0	1.8	32	37	-13.0	2.0	2.9
17 Canada	117	46	37	24	-35.0	1.7	45	45	1.0	2.9	3.5
18 Indonesia	7	17	4	23	488.2	1.6	18	7	145.1	1.1	0.6
19 Spain	64	20	20	19	-2.9	1.3	25	39	-35.7	1.6	3.0
20 Israel	9	11	12	19	59.2	1.3	11	8	47.2	0.7	0.6

Note: Totals exclude the financial centres in the Caribbean.

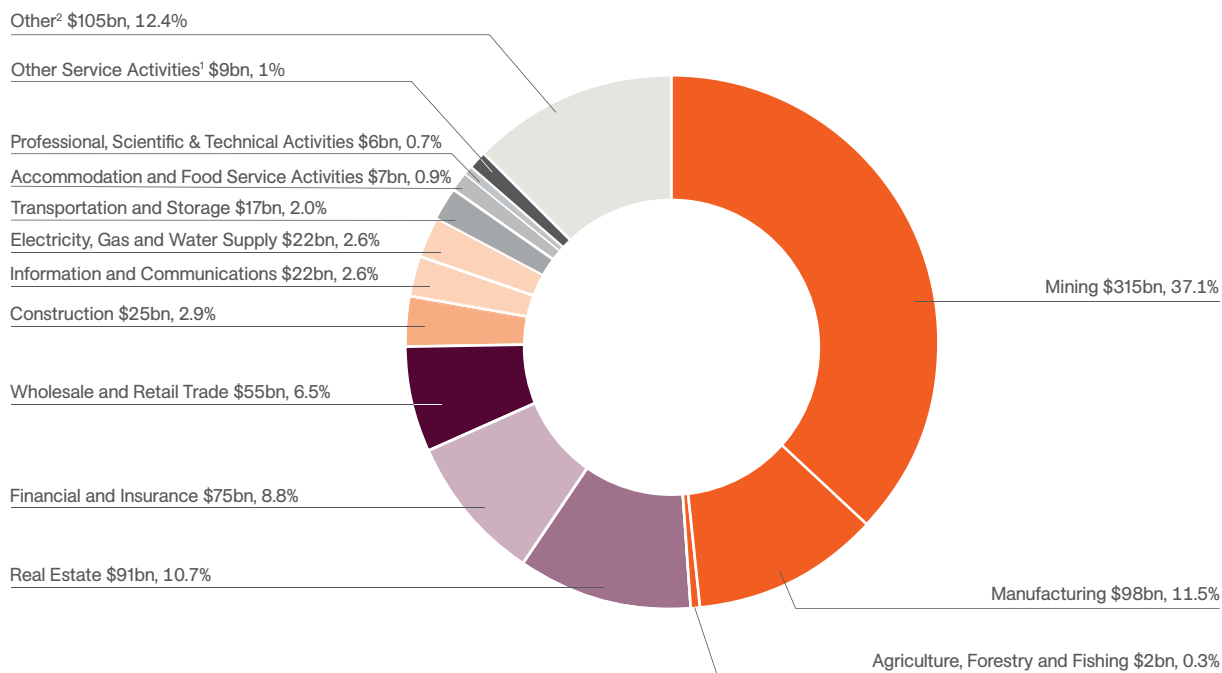
Source: UNCTAD, FDI/MNE database (www.unctad.org/fdistatistics); Austrade

SERVICES ATTRACT GROWING FOREIGN DIRECT INVESTMENT

Around half of Australia's A\$849 billion worth of FDI stock in 2017 was invested in service-driven sectors. The sectors experiencing the most growth in FDI stock between 2016 and 2017 were real estate (up 20 per cent to A\$91 billion), construction (23 per cent to A\$25 billion) and utilities (39 per cent to A\$22 billion). Mining, manufacturing and agriculture accounted for the other 50 per cent of Australia's FDI stock in 2017.

FOREIGN DIRECT INVESTMENT STOCK IN AUSTRALIA BY INDUSTRY – VALUE AND PERCENTAGE SHARE

Total value: A\$849 billion in 2017



Notes: 1. Other Service Activities includes Administrative & Support Service Activities (\$4.1bn) and Human Health and Social Work Activities (\$4.6bn). 2. Other includes Public Administration, Activities of Households & Extraterritorial Organisations (np); Education (np); Arts, Entertainment & Recreation (np); Other Service Activities (np); and Unallocated Industries (\$98bn).

np = not available for publication.

Sources: Australian Bureau of Statistics Cat. No. 5352.0 – International Investment Position, Australia: Supplementary Statistics, 2017 (released 9 May 2018), Table 15a. Foreign Investment in Australia: Level of Investment at 31 December by Industry Division (ANZSIC), Direct Investment in Australia (\$million); Austrade

THE VALUABLE CONTRIBUTION OF FOREIGN-OWNED BUSINESSES

Majority foreign-owned businesses made significant economic contributions to Australia's mining industry (A\$39 billion) and manufacturing industry (A\$29 billion). The percentage of industry value added (IVA) was approximately 33 per cent for mining and 30 per cent for manufacturing. Other sectors that attracted major contributions included the professional, scientific and technical services industry (A\$28 billion and 26 per cent IVA) and the wholesale trade industry (A\$26 billion and 43 per cent IVA).

VALUE ADDED OF FOREIGN AND AUSTRALIAN-OWNED BUSINESSES BY INDUSTRY¹

Activity Type: Industry Value Added (IVA)	Australian-owned	Foreign-owned	Australian- and foreign-owned businesses total (\$ million)	Foreign-owned companies % of total IVA
	Foreign ownership less than or equal to 50% (\$ million)	Foreign ownership greater than 50% (\$ million) ²		
Mining	78,854	38,975	117,829	33.1
Manufacturing	70,166	29,346	99,512	29.5
Professional, scientific and technical services	79,492	27,593	107,085	25.8
Wholesale trade	35,276	26,432	61,708	42.8
Administrative and support services	33,655	19,689	53,344	36.9
Construction	99,897	15,376	115,273	13.3
Transport, postal and warehousing	57,925	11,798	69,723	16.9
Electricity, gas, water and waste services	34,847	11,677	46,524	25.1
Rental, hiring and real estate services	61,780	9,608	71,388	13.5
Retail trade	63,471	8,010	71,481	11.2
Information media and telecommunications	30,542	6,563	37,105	17.7
Accommodation and food services	33,665	5,191	38,855	13.4
Agriculture, forestry and fishing	27,961	1,114	29,075	3.8
Public administration and safety	4,456	992	5,448	18.2
Other services	28,115	940	29,055	3.2
Arts and recreation services	11,316	888	12,203	7.3
Education and training	np	np	25,850	np
Health care and social assistance	np	np	76,594	np
All industries total³	846,136	221,916	1,068,052	20.8

Note: 1. Includes selected industries except financial and insurance services. 2. Includes foreign-owned businesses with an unknown country of origin. 3. Total may not add up due to including IVA of some individual sectors not available for publication. np = not available for publication.

Sources: Australian Bureau of Statistics Cat. No. 5494.0 *Economic Activity of Foreign-Owned Businesses in Australia, 2014–15*; Table 4a *Economic Activity of Foreign and Australian-Owned Businesses: Industry by Level of Foreign Ownership, 2014–15 (released 13 August 2018)*; Austrade

A WELCOMING DESTINATION FOR FOREIGN-OWNED BUSINESSES

The latest figures from the Australian Bureau of Statistics (2014–15) indicate US-owned businesses made the largest contribution to Australia's economy. EU-28-owned businesses also have a substantial presence in Australia, as do organisations from Japan. Many have developed longstanding investment relationships, built on a history of shared values and common approaches to global challenges.

ECONOMIC ACTIVITY OF FOREIGN-OWNED BUSINESSES (FOB) BY ECONOMY

Economic Activity – Number and Value	% Share of Total Foreign-owned Companies (Foreign Ownership Greater than 50%) by Economy ⁷										% Share of Australian Total for FOB with Ownership greater than 50%	
	USA	UK	Japan	New Zealand	Germany	Singapore	Canada	France	Hong Kong SAR	China	Total of top 10	
Operating businesses (number) ¹	20.5	8.5	5.4	4.2	3.4	2.9	2.6	2.6	2.2	2.1	54.4	0.5
Business employment (number)	28.2	14.6	7.6	4.0	4.5	2.7	2.8	3.8	1.7	1.4	71.4	8.7
Sales of goods and services ²	27.3	12.6	10.7	3.4	6.5	1.6	2.7	3.3	4.1	2.1	74.1	24.2
Total operating expenses	27.1	14.3	8.3	2.6	6.5	1.3	3.9	4.4	3.6	3.1	75.2	20.6
Operating profit before tax	26.8	13.0	8.9	2.3	5.6	1.7	3.9	3.7	2.3	2.7	70.8	12.4
Taxable profit	30.3	15.0	10.1	2.2	7.3	1.2	3.2	4.0	1.4	2.0	76.7	11.3
Profit after tax ³	26.0	12.5	8.7	2.4	5.2	1.8	4.1	3.6	2.5	2.8	69.5	12.7
Compensation of employees	28.9	15.6	9.5	3.0	4.9	3.0	3.1	4.2	2.2	1.5	75.9	11.9
Contractors and commissions	25.4	11.3	7.9	3.1	7.8	0.5	3.1	3.3	4.1	2.0	68.4	20.2
Total assets ⁴	30.8	8.6	11.4	1.3	6.2	1.5	2.0	4.3	2.0	7.1	75.1	18.0
Total liabilities ⁴	29.4	9.0	10.9	1.2	6.5	1.5	1.8	4.7	2.2	8.6	75.9	17.3
Capital expenditure	32.3	12.3	8.1	0.9	1.4	0.8	5.1	1.4	1.0	3.0	66.3	12.4
Exports of goods and services ⁵	36.8	11.0	14.1	1.3	1.7	0.6	3.0	1.8	2.4	5.5	78.2	29.4
Industry value added ⁶	32.3	13.3	9.9	2.2	4.4	2.6	3.3	3.7	2.9	2.1	76.6	20.8

Note: 1. Includes foreign-owned businesses with an unknown country of origin. 2. Sales of goods and services does not include income indirectly derived such as government payments or interest income. 3. Profit after tax is calculated by subtracting a business' tax liability from its operating profit before tax. 4. Where assets and liabilities are held in trusts, the trust is allocated to the financial and insurance services industry. 5. Exports are attributed to the industry undertaking the exporting activity. 6. Includes all industries except the financial and insurance services industry. 7. The 10 economies in the table were selected based on the scale (number) of the economies' operating businesses in Australia.

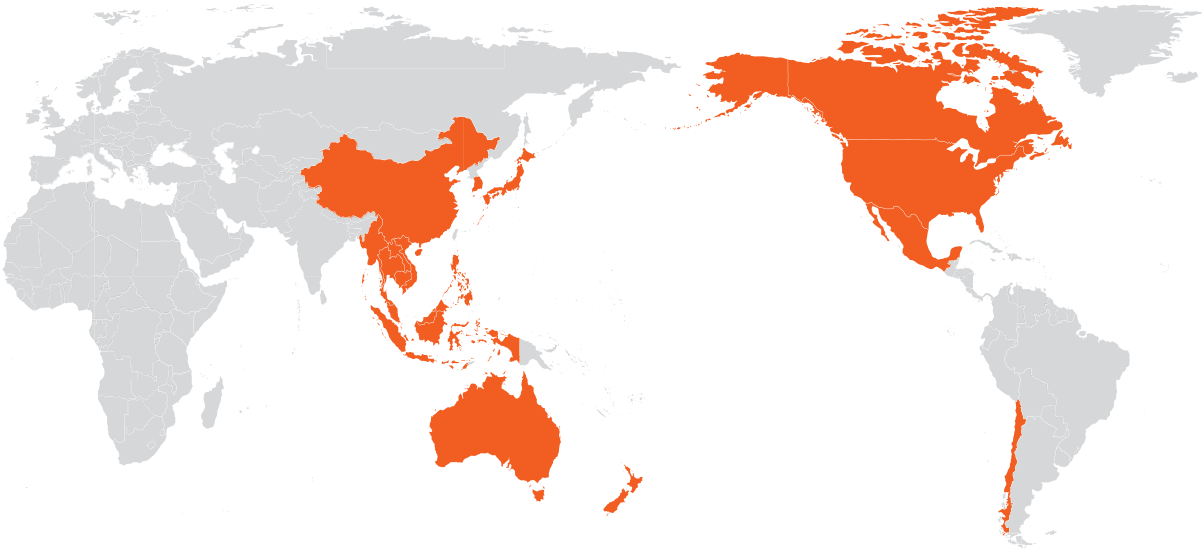
Sources: Australian Bureau of Statistics Cat. No. 5494.0 – *Economic Activity of Foreign-owned Businesses in Australia, 2014–15*; Table 2: *Economic Activity of Foreign and Australian-owned Businesses: Country of Origin by Activity Type, 2014–15* (released 13 August 2018); Austrade

EXPANDING NETWORK OF FREE TRADE AGREEMENTS

Australia currently has 11 free trade agreements (FTAs) in force with 18 World Trade Organization members. The countries covered by these FTAs account for almost 70 per cent of Australia's total trade. With several FTAs under negotiation, the expanding network of agreements will provide a greater range of trade and investment opportunities and improve Australia's position to take advantage of growth in the Asia-Pacific region. Investment frameworks established by these agreements also support a more attractive and predictable investment environment and help drive further economic integration in the Asian region.

AUSTRALIA'S FREE TRADE AGREEMENTS IN FORCE

■ FTAs in force



Notes: 1. The Australia-Hong Kong FTA, Indonesia-Australia Comprehensive Economic Partnership Agreement, Peru-Australia FTA and Pacific Agreement on Closer Economic Relations (PACER) Plus have been concluded but were not in force at time of publication. 2. As at November 2018, Australia's FTA negotiating agenda included: Australia-European Union FTA, Australia-Gulf Cooperation Council FTA, Australia-India Comprehensive Economic Cooperation Agreement, Environmental Goods Agreement, Pacific Alliance FTA, Regional Comprehensive Economic Partnership, and Trade in Services Agreement. Information on the status of FTA negotiations can be found at <https://dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx>.

Source: Department of Foreign Affairs and Trade

05

STRONG FOUNDATIONS

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Good Governance and Strong Institutions	53
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STRONG FOUNDATIONS

Australia's democratic institutions and sound governance create certainty for multinational companies looking for a low-risk environment in which to do business.

Ranked fifth in the world for economic freedom by the 2018 Index of Economic Freedom, Australia's free market democracy facilitates vibrant entrepreneurial development.

With almost all companies open to foreign competition, robust regulatory frameworks and transparent business processes, Australia continues to be an attractive and dynamic destination for investment.

The United Nations Development Programme ranks Australia third in the world for human development. Six Australian cities are ranked in the global top 40 for their quality of living. These credentials attract some of the world's largest organisations to Australia.

There are around 10,000 foreign-owned businesses operating in Australia. These businesses contributed to more than one-fifth of Australia's industry value added, totalling A\$222 billion.



AN ATTRACTIVE PLACE TO DO BUSINESS

Australia is one of the easiest countries in the world to set up and operate a business, ranking in the top 20 out of 190 economies. It takes around 2.5 days and a minimum of three procedures to start a business. Australia is also placed in the top 10 for enforcing contracts (5th), getting credit (8th) and dealing with construction permits (9th).

KEY INDICATORS OF EASE OF DOING BUSINESS¹

Ease of Doing Business		Starting a Business			Dealing with Construction Permits			Getting Credit			Enforcing Contracts		
Overall Ranking Out of 190 Economies		Rank	Procedures (number)	Time (days)	Rank	Procedures (number)	Time (days)	Rank	Strength of Legal Rights Index (0–12)	Depth of Credit Information Index (0–8)	Rank	Time (days)	Quality of Judicial Processes Index (0–18)
New Zealand	1	1	1	0.5	6	11	93.0	1	12	8	21	216	9.5
Singapore	2	3	2	1.5	8	10	41.0	32	8	7	1	164	15.5
Hong Kong SAR	4	5	2	1.5	1	11	72.0	32	8	7	30	385	10.0
South Korea	5	11	2	4.0	10	10	27.5	60	5	8	2	290	14.5
USA	8	53	6	5.6	26	15.8	80.6	3	11	8	16	420	13.8
UK	9	19	4	4.5	17	9	86.0	32	7	8	32	437	15.0
UAE	11	25	2	3.5	5	14	50.5	44	6	8	9	445	14.0
Taiwan	13	20	3	10.0	2	10	82.0	99	2	8	11	510	14.0
Malaysia	15	122	9	13.0	3	11	54.0	32	7	8	33	425	13.0
Australia	18	7	3	2.5	9	11.0	121.0	8	11	7	5	402	15.5
Canada	22	3	2	1.5	63	12	249.0	12	9	8	96	910	11.0
Germany	24	114	9	8.0	24	9	126.0	44	6	8	26	499	10.5
Thailand	27	39	5	4.5	67	19	118.0	44	7	7	35	420	8.5
France	32	30	5	3.5	19	9	183.0	99	4	6	12	395	12.0
Japan	39	93	8	11.2	44	12	175.0	85	5	6	52	360	7.5
China	46	28	4	8.6	121	20.4	155.1	73	4	8	6	496	15.5
Italy	51	67	6	6.0	104	12	227.5	112	2	7	111	1120	13.0
Vietnam	69	104	8	17.0	21	10	166.0	32	8	7	62	400	7.5
Indonesia	73	134	10	19.6	112	17	200.1	44	6	8	146	403	7.9
India	77	137	10	16.5	52	17.9	94.8	22	9	7	163	1445	10.5
South Africa	82	134	7	40.0	96	20	155.0	73	5	7	115	600	7.0
Philippines	124	166	13	31.0	94	23	122.0	184	1	0	151	962	7.5

1. Doing Business 2019 is the 16th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulation and the protection of property rights that can be compared across 190 economies. Regulations affecting 11 areas of the life of a business are covered: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and labour market regulation. Labour market regulation data is not included in this year's ranking. Data in Doing Business 2019 is current as of 1 May 2018. The indicators are used to analyse economic outcomes and identify what reforms of business regulation have worked, where and why. The Australian city covered by the 2019 report is Sydney.

Sources: World Bank Group, *Doing Business 2019: Training for Reform* (released 31 October 2018); Austrade

FOURTH LARGEST PENSION SYSTEM IN THE WORLD

In 2017, Australia became the world's fourth largest pension (superannuation) market, valued at US\$1.9 trillion. It also experienced one of the highest growth rates of pension fund assets in the world. Australia's pension assets rose to almost 140 per cent of GDP in 2017, up from 114 per cent in 2007. These findings illustrate the size and long-term growth of Australia's pension system, which is a major force behind the country's rapidly expanding, globally significant managed funds industry.

GLOBAL PENSION ASSETS

Economy	2007	2017 ^E	Pension assets/ GDP ratio (%) ²		% share world total (in US\$ terms)		% 10-year CAGR (2007 to 2017)	
	(US\$ billion)		(2007)	(2017)	(2007)	(2017)	(US\$)	(local currency)
USA ³	15,330	25,411	106	131	57.7	61.4	5.2	5.2
UK	2,686	3,111	88	121	10.1	7.5	1.5	5.5
Japan ⁴	3,002	3,054	66	63	11.3	7.4	0.2	0.2
Australia	1,086	1,924	114	138	4.1	4.7	5.9	7.1
Canada	1,209	1,769	83	108	4.5	4.3	3.9	6.5
Netherlands	1,058	1,598	126	194	4.0	3.9	4.2	6.3
Switzerland ⁵	539	906	112	133	2.0	2.2	5.3	3.8
South Korea ¹	—	725	—	47	—	1.8	—	—
Germany ⁶	391	472	11	13	1.5	1.1	1.9	3.9
Brazil ⁷	259	269	19	13	1.0	0.7	0.4	6.9
South Africa	195	258	65	75	0.7	0.6	2.8	9.2
Finland	183	233	71	93	0.7	0.6	2.4	4.6
Malaysia ¹	—	227	—	73	—	0.5	—	—
Chile	111	205	64	78	0.4	0.5	6.3	8.6
Italy ¹	—	184	—	10	—	0.4	—	—
Mexico	108	177	10	16	0.4	0.4	5.1	11.5
China ^{1,8}	—	177	—	1	—	0.4	—	—
France	170	167	6	7	0.6	0.4	-0.2	1.8
Hong Kong SAR	75	164	35	49	0.3	0.4	8.1	8.1
Ireland	128	157	47	48	0.5	0.4	2.1	4.1
India ¹	—	120	—	5	—	0.3	—	—
Spain	46	44	3	3	0.2	0.1	-0.5	1.4
Total	26,577	41,355	—	67.0⁹	100.0	100.0	4.2	5.6

Note: CAGR = Compound annual growth rate from 2007 to 2017; E = estimate

1. Ten-year growth rates are not available for China, India, Italy, Malaysia and South Korea. 2. The assets/GDP ratio for individual markets are calculated in local currency terms, and the total assets/GDP ratio is calculated in US\$. 3. Includes individual retirement accounts. 4. Does not include the unfunded benefit obligation of corporate pension plans (account receivables). 5. Only includes autonomous pension funds. Does not consider insurance companies' assets. 6. Only includes pension assets for company pension schemes. 7. Only includes pension assets from closed entities. 8. Only includes enterprise annuity assets. 9. The ratio of total pension assets to GDP declined from 2016 with the addition of China. China's pension assets represent 1.5% of total GDP.

Sources: Willis Towers Watson Global Pension Assets Study 2018 (February 2018); Austrade

STABLE, FRIENDLY AND EFFICIENT BUSINESS ENVIRONMENT

Australia is rated among the most business-friendly economies and has one of the world's most robust regulatory environments. The nation ranks highly on social capital, the soundness of its banks, central bank policy, and the economy's resilience to economic cycles. Australia is also in the world's top 10 for business legislation (complexity of tariff, equal opportunity and efficiency of clearance processes), judicial independence and rule of law.

BUSINESS EFFICIENCY AND ENVIRONMENT – 2018

	Australia	USA	UK	China	India	Japan	South Korea	Hong Kong SAR	Singapore
WEF Global Competitiveness Report 2018 Ranking^(a) in:									
Social Capital ¹	1	9	16	125	78	95	89	59	26
Debt Dynamics ²	=1	38	=1	39	53	41	=1	=1	42
Inflation, Annual % Change	=1	=1	=1	=1	75	79	=1	=1	86
Complexity of Tariff	4	108	112	44	87	105	85	1	3
Soundness of Banks	4	18	40	90	83	20	74	6	3
E-Participation Index	=5	=5	=5	29	15	=5	1	n/a	13
Efficiency of the Clearance Process	7	10	11	31	41	3	25	9	6
Judicial Independence	7	15	13	45	41	10	63	8	19
IMD World Competitiveness Yearbook 2018 Ranking^(b) in:									
Government Efficiency – Number of Days to Start a Business	=4	20	13	53	59	43	10	2	=4
Government Efficiency – Number of Procedures to Start a Business	=5	31	13	39	60	55	=2	=2	=5
Government Efficiency – Central Bank Policy (Positive Impact on the Economy)	8	10	19	47	42	39	45	13	5
Government Efficiency – Rule of Law	=8	19	=8	43	39	14	20	15	12
Resilience of the Economy to Economic Cycles	8	2	24	5	10	34	42	13	29
Women on Boards (Board Members of All Companies)	8	15	9	34	25	42	45	28	26
Equal Opportunity (Encourages Economic Development)	10	17	16	23	29	21	35	20	8
Investment Risk (Euromoney Country Risk Overall)	11	16	20	37	46	28	22	14	3

1. This indicator measures national performance in three areas: social cohesion and engagement (bridging social capital), community and family networks (bonding social capital), and political participation and institutional trust (linking social capital). 2. This indicator measures the change in public debt-to-GDP ratio, weighted by a country's credit rating and debt level in relation to its GDP.

Sources: (a) World Economic Forum (WEF), Switzerland and Harvard University, *Global Competitiveness Report 2018* (released 17 September 2018, 140 economies); (b) Institute for Management Development (IMD), Switzerland, *World Competitiveness Yearbook 2018* (released May 2018, 63 economies); Austrade

GOOD GOVERNANCE AND STRONG INSTITUTIONS

The quality of governance in Australia ranks among the best in the world. The country's strong governance, stable institutions, robust rule of law and low level of corruption are vital to sustaining economic growth and security. These factors provide assurance for multinational companies considering Australia as a base from which to launch operations into the Asian region.

WORLDWIDE GOVERNANCE INDICATORS 2017¹

Economy	Voice and Accountability	Political Stability & Absence of Violence/Terrorism	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
New Zealand	98.5	99.0	95.2	99.0	98.1	100.0
Norway	100.0	90.0	99.0	96.2	99.5	99.5
Switzerland	98.0	92.9	99.5	97.1	98.6	96.6
Canada	96.1	88.6	97.1	97.6	95.7	95.7
Sweden	99.5	81.4	96.2	95.7	99.0	98.1
Netherlands	99.0	79.5	96.6	98.6	97.1	95.2
Austria	93.6	86.2	91.8	90.9	96.2	90.9
Australia	94.6	77.6	92.3	98.1	93.3	92.8
Germany	95.6	66.7	94.2	95.2	91.3	94.2
Singapore	41.4	98.6	100.0	99.5	96.6	97.6
Japan	80.3	89.0	93.3	89.9	89.9	90.4
UK	93.1	56.7	90.9	94.2	92.8	94.7
Hong Kong SAR	60.6	75.2	97.6	100.0	93.8	92.3
USA	82.3	59.0	92.8	92.8	91.8	88.9
Taiwan	80.8	76.7	86.5	89.4	84.6	81.3
France	85.7	54.3	88.0	83.7	89.4	87.5
Spain	81.3	57.6	81.7	79.8	81.3	68.3
South Korea	71.4	58.6	82.2	82.2	85.6	67.8
Italy	82.8	55.7	69.7	75.0	62.5	61.5
Malaysia	34.5	52.4	76.4	74.5	64.9	58.2
India	60.1	17.1	56.7	42.3	52.9	48.6
Indonesia	50.7	29.0	54.8	51.9	40.9	48.1
Brazil	61.6	31.4	41.8	51.4	43.8	36.1
Thailand	21.2	19.0	66.8	59.6	54.8	42.8
China	7.9	36.7	68.3	48.6	44.7	46.6
Vietnam	10.8	59.5	52.9	36.5	55.8	31.7

1. The *Worldwide Governance Indicators* (WGI) project reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2017, for six dimensions of governance in the above table. They are based on over 30 individual data sources. Economy scores are reported as percentile ranks, with higher values indicating better governance ratings.

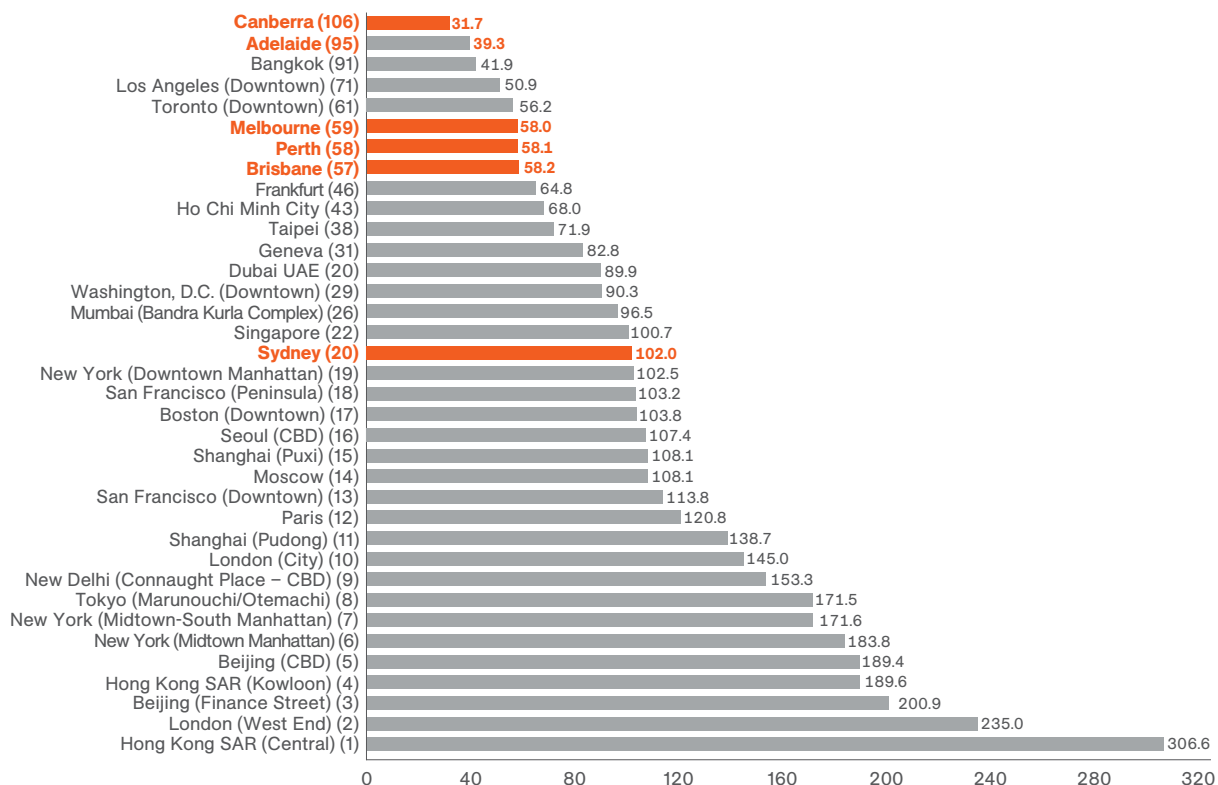
Sources: *The World Bank, The Worldwide Governance Indicators, 2018 Update (released 21 September 2018)*. Full interactive access to the aggregate indicators, and the underlying source data, is available at www.govindicators.org; Austrade

COST-COMPETITIVE LOCATION FOR OFFICE SPACE

The cost of prime office space in Melbourne, Brisbane and Perth is inexpensive relative to Beijing, Tokyo, New Delhi, Shanghai, Seoul and Singapore; and less than a quarter of the cost of Hong Kong and London. Office space in Sydney's CBD is a third of the cost of Hong Kong SAR (Central) and around half the cost of New York (Midtown Manhattan) and London (West End).

GLOBAL PRIME OFFICE OCCUPANCY COSTS – 2018

US\$ per square foot/annum



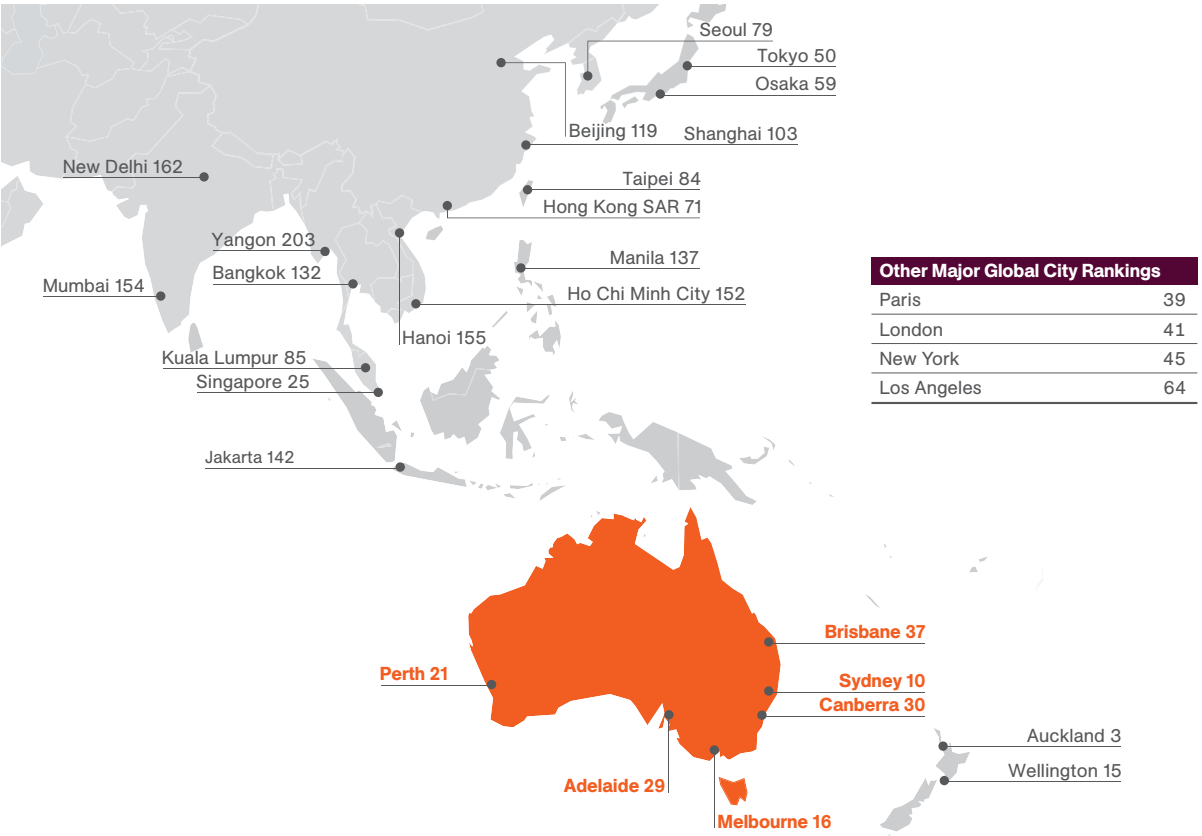
Note: The CBRE 2018 annual report outlines rent for prime office locations in 120 key markets in the Americas, Asia Pacific and Europe, the Middle East and Africa (EMEA) as of Q1 2018. Local office costs are reported for the highest-quality office space in a prime location. These rents are reported on a gross basis (inclusive of service charges and taxes) and have been adjusted to a net internal area of measurement. The number in brackets indicates the market's ranking across the 120 markets.

Sources: CBRE Research, June 2018 Global Prime Office Occupancy Costs, Figures 5 to 7; Austrade

ENVIABLE QUALITY OF LIFE

Australia's major capital cities continue to offer the world's highest quality of living and are attractive destinations for expatriates on assignment. Sydney ranks 10th, Melbourne 16th and Perth 21st in Mercer's 2018 Quality of Living Rankings. These three cities top the rankings across the Asian region, above Singapore (25th), Tokyo (50th), Hong Kong SAR (71st), Shanghai (103th), Beijing (119th) and Mumbai (154th).

QUALITY OF LIVING RANKINGS BY CITY, 2018



Sources: Mercer 2018 Quality of Living Rankings (released 20 March 2018); Austrade

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We deliver quality trade and investment services to businesses to grow Australia's prosperity.

We help companies around the world to identify and take up investment opportunities in Australia as well as to source Australian goods and services.

Our assistance includes:

- › providing insight on Australian capabilities
- › identifying potential investment projects and strategic alliance partners
- › helping you identify and contact Australian suppliers.

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