

EXPORT AND IMPORT CURRENCIES

INTRODUCTION

1 The recent Asian economic crisis and the significant depreciation of some Asian currencies have stimulated interest in the currencies used in invoices for Australia's exports and imports. This article provides an analysis of the major invoice currencies used for Australia's merchandise trade for the four quarters of calendar year 1997 and March quarter 1998. These five quarters are compared for both exports and imports to identify any changes in the composition of the currencies in which goods are invoiced, particularly any movements which may be associated with the Asian economic crisis. The invoice currencies of major commodities exported from and imported into Australia, classified according to the Standard International Trade Classification Revision 3 (SITC Rev3), are also examined.

2 Information on the currencies used in import and export transactions is collected by the Australian Customs Service (ACS) and is included with the other international trade information passed to the Australian Bureau of Statistics (ABS). This information, while not included in a printed publication, is available as a special data service and may be obtained by contacting ABS Client Services as indicated on the back page of this publication.

DATA COLLECTION PROCEDURES

3 For imports, the value of goods is reported to the ACS in the invoice currency of the transaction. The Customs system automatically converts the value to Australian dollars using exchange rates prevailing on the reported date of departure of the goods from the overseas country. The ABS receives details of the reported invoice currency, together with the value of the import transaction in Australian dollars.

4 For exports, goods invoiced in US dollars, Japanese yen, pounds sterling, New Zealand dollars or Deutsche marks, are reported in those foreign currencies. Amounts invoiced in other currencies are converted to Australian dollars by the exporter and this value is reported on the Customs entry. The invoice currency is also reported on the Customs entry. The ABS receives the exports data as reported to the ACS and converts values reported in one of the five major foreign currencies to Australian dollars using the exchange rate prevailing on the date of departure of the goods from Australia.

5 Readers should note that while currencies are converted to Australian dollars at exchange rates applicable on the day of shipment, the Australian importer or exporter may undertake the conversion for actual receipt or payment using a different exchange rate, or one applying on a different day. As well, it should be noted that many importers and exporters hedge the payments and the actual exchange rate achieved may differ from that applicable on shipment date.

ANALYSIS OF THE MAJOR INVOICE CURRENCIES OF AUSTRALIA'S MERCHANDISE TRADE

6 Tables A and B show the major invoice currencies of Australia's exports and imports respectively for the five quarters from March 1997 to March 1998. For both exports and imports, the predominant invoice currency is the US dollar, accounting for 63.6% of total Australian exports for the five quarters and 51.9% of total imports for the same period. The other significant currency for both exports and imports is the Australian dollar. Almost one third of Australia's exports and about one quarter of Australia's imports were invoiced in Australian dollars during the period.

EXPORT AND IMPORT CURRENCIES *continued*

ANALYSIS OF THE MAJOR INVOICE
CURRENCIES OF AUSTRALIA'S
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continued

7 The proportion of trade denominated in currencies other than US and Australian dollars is relatively insignificant. The third largest invoice currency used for both exports and imports is the Japanese yen, accounting for 0.8% of total exports and 6.0% of imports. Exports and imports invoiced in the currencies of China, Hong Kong, Indonesia, the Republic of Korea, Malaysia, the Philippines, Singapore, Taiwan and Thailand (described as 'Other Asian currencies' in the Tables), comprised only a small proportion of total Australian exports and imports. As can be seen from Tables A and B, only 0.2% of total exports from Australia and 1.7% of total imports to Australia were denominated in 'Other Asian currencies'.

8 An analysis of invoice currency over the four quarters of 1997 and March quarter of 1998 did not show any significant movements between currencies that could be attributed to the Asian currency crisis. Given the forward contracting arrangements of traders, changes in invoice currency may not have had time to show up. The value of trade across the five major invoice currencies, and the 'Other Asian currencies' component, rose steadily throughout 1997 with a slight fall in March quarter 1998. The proportion of trade denominated in each of the currencies also remained fairly constant throughout 1997 and March quarter 1998. There appears to have been little immediate change in the composition of invoice currencies used for Australia's imports and exports in response to the Asian economic crisis.

ANALYSIS OF MAJOR EXPORT AND
IMPORT COMMODITIES BY INVOICE
CURRENCY

9 Tables C and D show Australia's top ten export and import commodity groups, expressed in terms of Divisions of the Standard International Trade Classification (SITC) Revision 3, and the major currencies in which they were invoiced for the five quarters, March 1997 to March 1998 inclusive. Consistent with the invoice currency composition of total Australian exports and imports, US and Australian dollars are the dominant invoice currencies for most of Australia's major export and import commodity Divisions. Other currencies are barely represented in the top ten export commodity groups. In the case of imports, the spread of currencies is wider, but in all cases more than 50% of total trade in the top ten Divisions is denominated in US dollars and/or Australian dollars.

10 The major invoice currencies for exports of *Metalliferous ores* (SITC 28), Australia's largest export commodity Division, were the US dollar with 83.0% and the Australian dollar with 17.0%. The US dollar was also the major invoice currency for the other nine major export commodity Divisions. In particular, in 1997 and the March quarter of 1998, the US dollar comprised 94.7% of the invoice value of *Coal, coke and briquettes* (SITC 32) and 92.4% of *Non-monetary gold* exports (SITC 97). For *Cereal and cereal preparation* exports (SITC 04), 89.7% were invoiced in US dollars and 8.7% in Australian dollars, with 'Other Asian currencies' comprising the third largest invoice currency within this Division, accounting for 0.8% of the exports. The Australian dollar was almost as significant as the US dollar in exports of *Textile fibres (including wool)* (SITC 26), accounting for 46.0% as against 48.8% invoiced in US dollars.

EXPORT AND IMPORT CURRENCIES *continued*

ANALYSIS OF MAJOR EXPORT AND IMPORT COMMODITIES BY INVOICE CURRENCY *continued*

11 *Road vehicles* (SITC 78) was Australia's largest import commodity Division for the period from March quarter 1997 to March quarter 1998. It was also one of only two of the top ten imports Divisions invoiced predominantly in Australian dollars, the other being *Medicinal and pharmaceutical products* (SITC 54). For *Road vehicles*, the Australian dollar represented 43.0%, the Japanese yen 24.3%, the US dollar 23.1%, and Deutsche marks 6.8%. In 1997 and the March quarter of 1998, the US dollar comprised 83.7% of *Petroleum, petroleum products and related materials* imports (SITC 33) and 75.5% of *Office machines and automatic data processing machines* (SITC 75). For both of these commodity Divisions, the Australian dollar ranked as the second most important invoice currency accounting for just over 16% of imports. For imports of *Electrical machinery* (SITC 77), the US dollar and Australian dollar together accounted for only 75.9% of the import value (representing 57.7% and 18.2% of the value respectively). Deutsche marks, pounds sterling, Japanese yen and 'Other Asian currencies' contributed a further 14.7% to the invoice value of commodities in this Division. Likewise, for imports of *General industrial machinery* (SITC 74) the US dollar (42.5%) and Australian dollar (16.1%) together comprised only 58.6% of the value of imports in this commodity Division with a further 25.7% invoiced in the other major currencies (including 'Other Asian currencies'). A significant 14.4% of imports for this commodity Division were invoiced in a range of other currencies.

ANALYSIS OF EXPORTS AND IMPORTS BY OTHER INVOICE CURRENCY

12 Over the five quarters studied, goods invoiced in 'Other Asian currencies' and 'Other currencies' represented 0.2% and 0.8% respectively of exports, and 1.7% and 7.7% respectively of imports. For exports, the Divisions with the largest percentage of trade invoiced in 'Other Asian currencies' and 'Other currencies' were, respectively, *Travel goods, handbags and similar containers* (SITC 83) with 5.5% and *Organic chemicals* (SITC 51) with 5.7%. For imports, the Divisions with the largest percentage of trade invoiced in 'Other Asian currencies' and 'Other currencies' were, respectively, *Gold coin, and other coin being legal tender* (SITC 95) with 26.6% and *Live animals, other than fish* (SITC 00) with 64.8%. In the case of *Live animals, other than fish*, most imports were invoiced in NZ dollars (63.7%).

EXPORT AND IMPORT CURRENCIES *continued*

TABLE A: INVOICE CURRENCIES FOR EXPORTS, March Quarter 1997 to March Quarter 1998

Currency	Mar qtr 1997.....		Jun qtr 1997.....		Sept qtr 1997....		Dec qtr 1997.....		Mar qtr 1998.....		Total.....	
	\$A m	%	\$A m	%	\$A m	%	\$A m	%	\$A m	%	\$A m	%
US Dollars	12 371	64.8	13 169	62.4	13 213	61.4	14 647	63.5	13 394	66.0	66 793	63.6
Australian Dollars	6 145	32.2	7 307	34.6	7 568	35.2	7 686	33.3	6 251	30.8	34 957	33.3
Japanese Yen	111	0.6	122	0.6	228	1.1	207	0.9	129	0.6	797	0.8
Pounds Sterling	117	0.6	152	0.7	170	0.8	177	0.8	159	0.8	776	0.7
NZ Dollars	123	0.6	128	0.6	143	0.7	146	0.6	141	0.7	681	0.6
Other Asian currencies(a)	35	0.2	45	0.2	49	0.2	48	0.2	38	0.2	215	0.2
Other	177	0.9	182	0.9	151	0.7	160	0.7	179	0.9	850	0.8
Total	19 078		21 106		21 521		23 072		20 291		105 068	

(a) Other Asian currencies include currencies for the following countries: China, Hong Kong, Indonesia, Republic of Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

TABLE B: INVOICE CURRENCIES FOR IMPORTS, March Quarter 1997 to March Quarter 1998

Currency	Mar qtr 1997.....		Jun qtr 1997.....		Sept qtr 1997.....		Dec qtr 1997.....		Mar qtr 1998.....		Total.....	
	\$A m	%	\$A m	%	\$A m	%	\$A m	%	\$A m	%	\$A m	%
US Dollars	9 429	51.0	10 599	52.8	11 201	51.3	11 880	51.5	11 691	52.5	54 799	51.9
Australian Dollars	4 599	24.9	4 864	24.2	5 501	25.2	5 809	25.2	5 420	24.3	26 192	24.8
Japanese Yen	1 145	6.2	1 151	5.7	1 404	6.4	1 330	5.8	1 335	6.0	6 366	6.0
Deutsche Marks	830	4.5	881	4.4	939	4.3	996	4.3	968	4.3	4 614	4.4
Pounds Sterling	679	3.7	738	3.7	773	3.5	807	3.5	761	3.4	3 758	3.6
Other Asian currencies(a)	280	1.5	303	1.5	380	1.7	446	1.9	362	1.6	1 770	1.7
Other	1 519	8.2	1 538	7.7	1 624	7.4	1 781	7.7	1 725	7.8	8 187	7.7
Total	18 482		20 073		21 821		23 049		22 261		105 686	

(a) Other Asian currencies include currencies for the following countries: China, Hong Kong, Indonesia, Republic of Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

EXPORT AND IMPORT CURRENCIES *continued*

TABLE C: SELECTED EXPORT COMMODITIES BY INVOICE CURRENCIES, March Quarter 1997 to March Quarter 1998

Description and SITC Division code	Total exports included in SITC Division							Other Asian currencies(a)	All other currencies (%)
	(%)	US Dollars (%)	Australian Dollars (%)	Japanese Yen (%)	Pounds Sterling (%)	NZ Dollars (%)	(%)		
Metalliferous ores and metal scrap (28)	12.0	83.0	17.0	0.0	0.0	0.1	0.0	0.0	
Coal, coke and briquettes (32)	10.6	94.7	5.3	0.0	0.0	0.0	0.0	0.0	
Cereal and cereal preparations (04)	7.0	89.7	8.7	0.1	0.0	0.3	0.8	0.3	
Gold, non-monetary (excl. gold ores and concentrates) (97)	6.2	92.4	5.7	0.0	0.0	0.0	0.0	1.9	
Non-ferrous metals (68)	5.9	82.3	17.0	0.0	0.2	0.4	0.0	0.0	
Textile fibres and their wastes (not manufactured into yarn or fabric) (26)	5.8	48.8	46.0	0.7	0.7	0.0	0.0	3.8	
Petroleum, petroleum products and related materials (33)	4.7	68.9	31.1	0.0	0.0	0.0	0.0	0.0	
Meat and meat preparations (01)	4.1	59.4	32.4	1.8	2.3	0.3	1.0	2.9	
Gas, natural and manufactured (34)	2.4	98.8	1.2	0.0	0.0	0.0	0.0	0.0	
Dairy products and birds' eggs (02)	2.2	68.7	29.4	0.2	0.8	0.0	0.5	0.3	
Organic chemicals (51)	0.2	45.9	47.8	0.1	0.1	0.5	0.0	5.7	
Travel goods, handbags and similar containers (83)	0.0	7.7	82.3	0.1	0.0	3.9	5.5	0.3	

(a) Other Asian currencies include currencies for the following countries: China, Hong Kong, Indonesia, Republic of Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

TABLE D: SELECTED IMPORT COMMODITIES BY INVOICE CURRENCIES, March Quarter 1997 to March Quarter 1998

Description and SITC Division code	Total imports included in SITC Division							Other Asian currencies(a)	All other currencies (%)
	(%)	US Dollars (%)	Australian Dollars (%)	Japanese Yen (%)	Deutsche Marks (%)	Pounds Sterling (%)	(%)		
Road vehicles (incl air-cushion vehicles) (78)	11.7	23.1	43.0	24.3	6.8	0.9	0.2	1.7	
Office machines and automatic data processing machines (75)	7.7	75.5	16.6	4.1	0.4	1.4	0.6	1.4	
Electrical machinery, apparatus, appliances, parts (incl. non-electric counterparts of electrical domestic equipment) (77)	6.0	57.7	18.2	4.2	5.8	4.7	1.1	8.3	
General industrial machinery, equipment, and parts thereof not elsewhere specified (74)	6.0	42.5	16.1	9.4	10.5	5.8	1.5	14.4	
Miscellaneous manufactured articles nes (89)	5.8	53.9	21.3	2.3	2.5	8.4	4.2	7.4	
Petroleum, petroleum products and related materials (33)	5.8	83.7	16.1	0.0	0.1	0.1	0.0	0.1	
Machinery specialised for particular industries (72)	4.8	43.6	14.6	9.8	11.9	5.4	0.5	14.2	
Telecommunications and sound recording and reproducing apparatus and equipment (76)	4.4	49.4	33.0	4.6	2.3	5.6	0.4	4.6	
Textile yarn, fabrics, made-up articles, nes, and related products (65)	2.8	63.9	17.1	2.9	2.3	3.0	2.5	8.3	
Medicinal and pharmaceutical products (54)	2.7	27.3	49.6	0.5	7.3	3.7	0.3	11.4	
Gold coin (95)	0.2	47.1	1.6	0.0	10.2	9.2	26.6	5.3	
Live animals other than fish (00)	0.0	3.0	31.5	0.0	0.0	0.6	0.0	64.8	

(a) Other Asian currencies include currencies for the following countries: China, Hong Kong, Indonesia, Republic of Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.