

Chapter Twenty-six

International Accounts and Trade

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BALANCE OF PAYMENTS

The Australian balance of payments is a systematic record of Australia's economic transactions with the rest of the world. Balance of payments statistics are essential for the examination of external influences on the domestic economy.

Conceptual framework

Balance of payments transactions can be broadly divided into three categories. The first comprises transactions in goods, services and income between residents of Australia and non-residents. The second covers financial transactions involving claims on and liabilities to the rest of the world. The third category, described as unrequited transfers, records only the offsetting entries for one-sided balance of payments transactions, such as gifts in cash and kind which have no 'quid pro quo'. Two changes not arising from transactions — specifically changes in Australia's official reserve assets arising from the allocation (or cancellation) of Special Drawing Rights (SDRs) by the International Monetary Fund (IMF) and the monetisation (or demonetisation) of gold — are included by convention, to make the accounts more analytically useful.

By convention, the first and third of the above categories are combined to form the current account while the second, together with the two changes not arising from transactions, are shown separately in what is known as the capital account.

The double entry accounting system is used for recording balance of payments transactions. Under this system, credit entries, which are shown with no arithmetic sign, are used to record exports of goods and services, income receivable and financial transactions involving either a reduction in the country's foreign financial assets or an increase in its foreign liabilities. Conversely, debit entries, which are identified by a minus sign (–), are used to record imports of goods and services, income payable and financial transactions involving either an increase in foreign financial assets or a decrease in foreign liabilities. Transactions in a double entry accounting system are reflected in pairs of equal credit and debit entries. For example, an export transaction for which payment is received through the banking system involves a credit entry for the export

to a non-resident and a debit entry for the increase in foreign exchange assets due to the receipt of foreign exchange in payment of the export. Any entries that are not automatically paired are matched by special offsetting entries. Such offsetting entries are required for the category of unrequited transfers, for which there is no 'quid pro quo', and for the other changes not arising from transactions referred to in the previous paragraph, namely the allocation (or cancellation) of SDRs and the monetisation (or demonetisation) of gold.

In principle, the net sum of all credit and debit entries is zero. In practice, some transactions are not measured accurately (errors), while others are not measured at all (omissions). Equality between the sum of the credit and debit entries is then brought about by the inclusion of a balancing item which reflects net errors and omissions. The balancing item is shown separately after both the current and capital accounts, since it reflects the net effects of errors and omissions in both accounts.

In principle, transactions and other changes should be valued in the balance of payments at market prices. However, for practical reasons, transactions are generally valued in the statistics at transaction prices as this basis provides the closest practical approximation to the market price principle.

Transactions and other changes recorded in the balance of payments should, in principle, be recorded at the time of change of ownership (either actual or imputed). For current account transactions, this occurs when ownership of goods changes, services are rendered, reinvested earnings attributable to direct investors are earned, and when interest and dividends become due for payment. In the case of unrequited transfers, these should be recorded when the goods, services, cash, etc. to which they are offsets change ownership. Those, such as taxes and fines, which are imposed by one party on another, should ideally be recorded at the time they become due for payment without penalty. For capital account transactions the time of change of ownership is, by convention, the time at which transactions are entered in the books of the transactors.

In practice, the nature of the available data sources is such that the time of recording of transactions will often differ from the time of

change of ownership. Where practical, timing adjustments are made for transactions in certain goods to ensure that they are recorded in the time period in which change of ownership occurs.

Classification

In the tables that follow, global estimates of the current and capital accounts of the Australian balance of payments are presented. Current transactions are recorded gross and capital transactions net. This means that for each item in the current account the credit entries are recorded separately from the debit entries. For example, travel credits is shown separately from travel debits. For each item in the capital account, however, debit and credit transactions are combined to produce a single result for the item which may be either a net credit or a net debit. For example, in a given period, foreign purchases of shares issued by companies in Australia (credit) are netted against foreign sales of similar shares (debit) and the net result is recorded in the appropriate item in the capital account.

The current account records transactions between Australian residents and non-residents in merchandise, other goods and services, income and unrequited transfers. Merchandise includes all movable goods, with a few exceptions, which change ownership from residents to non-residents (exports) and from non-residents to residents (imports). Services covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (for example, goods purchased by travellers). Income covers income earned by Australian residents from non-residents (credits) or by non-residents from residents (debits). It includes investment income (for example, dividends and interest), other property income (for example, royalties) and labour income. Unrequited transfers cover the offsetting entries required when resources are provided, without something of economic value being received in return, by non-residents to Australian residents (offsetting credits required) and by residents to non-residents (offsetting debits required). It includes foreign aid and migrants' transfers.

The capital account records transactions in Australia's foreign financial assets and liabilities, including the creation and extinction

of claims on or by the rest of the world and a few specified other changes. Capital transactions are grouped into two broad institutional sectors called official and non-official. The official sector comprises general government and the Reserve Bank of Australia. Public business enterprises are excluded from this sector and included in the non-official sector. The non-official sector covers transactions of all other resident entities including banks, non-bank financial enterprises, trading enterprises and households.

Statistical overview

As shown in table 26.1, the balance on current account for 1992-93 was a deficit of \$15,956 million, an increase of \$3,331 million (or 26%) on the deficit recorded for 1991-92 but \$354 million (2%) below the deficit recorded for 1990-91. The increase in the deficit in 1992-93 was due to a decrease of \$3,229 million in the merchandise trade surplus and a decrease of \$1,514 million in the net unrequited transfer surplus. These movements in merchandise trade and net unrequited transfers were partly offset by a decrease of \$1,400 million in the net income deficit and a decrease of \$12 million in the net services deficit.

Tables 26.4 and 26.5 show details of exports and imports of goods and services at current and constant prices. Comments on these components are provided in the section on foreign trade.

The net income deficit for 1992-93 fell to \$14,487 million, the lowest level of this deficit since 1988-89. Income credits increased by \$1,184 million (28%) to \$5,438 million due largely to increases in reinvested earnings, dividends receivable on direct investment abroad and interest receivable on lending to unrelated enterprises abroad. Income debits decreased by \$216 million (1%) to \$19,925 million due largely to a decrease in interest payable on general government borrowing domiciled in Australia and a decrease in interest payable on borrowing from unrelated enterprises abroad.

As table 26.2 shows, the balance on capital account for 1992-93 recorded a net inflow of \$16,895 million, an increase of \$451 million on the net inflow for 1991-92. This increase was due largely to an increase of \$4,969 million, to \$7,356 million, in the

inflow from net equity transactions, partly offset by a decrease of \$3,102 million, to \$9,404 million, in the inflow in respect of net debt transactions and a decrease of \$1,417 million, to \$134 million, in the inflow from the 'other' capital transactions.

Values of exports and imports of goods and services (balance of payments basis)

Tables 26.4 and 26.5 show annual values of Australian exports and imports of goods and services at current and constant (average 1989–90) prices. These estimates are compiled quarterly on a balance of payments basis within the framework outlined below. See Relationship to Balance of Payments section under Foreign Trade later in this chapter regarding the difference between the balance of payments and the foreign trade bases for exports and imports.

The current price value of a transaction may be expressed conceptually as the product of a price and quantity. The value of the transaction at constant prices may then be thought of as being derived by substituting, for the current price, the corresponding price in the chosen base year. There are, however, many transactions recorded in statistics of overseas trade for which it is not possible to apply such an approach. In such cases it is necessary to make assumptions and approximations (for example, revaluing by means of the price index which is considered to be most closely related to the commodity involved). The published estimates at constant prices should be viewed in this light.

A surplus was recorded on merchandise trade in 1992–93 at current prices. Merchandise exports rose nine per cent to \$60,015 million with significant increases recorded in cereal grains; sugar; machinery; 'other' manufactures; transport equipment; and 'other' mineral fuels. Decreases were recorded in wool and gold. Merchandise imports increased 16 per cent to \$59,426 million. The most significant increases occurred in machinery; 'other' manufactures; chemicals; fuels; road vehicles; and metals and metal manufactures. The only decrease recorded was in civil aircraft.

The reduction in the net services deficit of \$12 million to \$2,785 million, at current prices, was mainly due to an increase in the 'other' transportation surplus and a reduction in the 'other' services deficit.

In constant price terms, exports of goods and services increased \$3,839 million (5%), while imports of goods and services increased \$4,166 million (6%). The fall in the surplus on goods and services made a negative contribution of 0.1 percentage point to the expenditure-based estimates of GDP at average 1989–90 prices. The merchandise trade surplus was down \$1,230 million (or 14%) while the net services deficit fell \$903 million (or 38%).

The published components of merchandise exports and imports of goods free-on-board are defined in terms of groupings of items in the United Nations' Standard International Trade Classification (SITC).

26.1 CURRENT ACCOUNT
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Current transactions						
Goods and services						
Merchandise(a)						
Exports f.o.b.	41,515	43,894	48,564	52,155	54,874	60,015
Imports f.o.b.	-40,386	-47,032	-50,991	-49,256	-51,056	-59,426
<i>Balance on merchandise trade</i>	<i>1,129</i>	<i>-3,138</i>	<i>-2,427</i>	<i>2,899</i>	<i>3,818</i>	<i>589</i>
Services						
Credits						
Shipment	515	513	510	571	569	614
Other transportation	2,965	3,086	3,297	3,693	3,937	4,475
Travel	3,565	4,330	4,368	4,983	5,437	5,707
Other services	2,520	2,905	3,394	3,752	4,011	4,067
<i>Total services credits</i>	<i>9,565</i>	<i>10,834</i>	<i>11,569</i>	<i>12,999</i>	<i>13,954</i>	<i>14,863</i>
Debits						
Shipment	-2,923	-3,250	-3,443	-3,188	-3,257	-3,772
Other transportation	-2,510	-2,912	-3,424	-3,443	-3,642	-3,756
Travel	-3,749	-4,363	-5,135	-5,230	-5,122	-5,599
Other services	-3,251	-3,552	-4,370	-4,647	-4,730	-4,521
<i>Total services debits</i>	<i>-12,433</i>	<i>-14,077</i>	<i>-16,372</i>	<i>-16,508</i>	<i>-16,751</i>	<i>-17,648</i>
<i>Net services</i>	<i>-2,868</i>	<i>-3,243</i>	<i>-4,803</i>	<i>-3,509</i>	<i>-2,797</i>	<i>-2,785</i>
<i>Balance on goods and services</i>	<i>-1,739</i>	<i>-6,381</i>	<i>-7,230</i>	<i>-610</i>	<i>1,021</i>	<i>-2,196</i>
Income						
Credits						
Property income						
Reinvested earnings	2,163	2,166	1,364	205	555	1,930
Other	1,708	1,953	2,778	3,166	3,227	2,994
Labour and other income	171	239	537	602	472	514
<i>Total income credits</i>	<i>4,042</i>	<i>4,358</i>	<i>4,679</i>	<i>3,972</i>	<i>4,254</i>	<i>5,438</i>
Debits						
Property income						
Reinvested earnings	-2,428	-2,132	-1,126	-676	-752	-2,318
Other	-11,921	-15,568	-20,389	-20,995	-19,063	-17,296
Labour and other income	-210	-279	-406	-429	-326	-311
<i>Total income debits</i>	<i>-14,559</i>	<i>-17,979</i>	<i>-21,921</i>	<i>-22,100</i>	<i>-20,141</i>	<i>-19,925</i>
<i>Net income</i>	<i>-10,517</i>	<i>-13,621</i>	<i>-17,242</i>	<i>-18,128</i>	<i>-15,887</i>	<i>-14,487</i>
Unrequited transfers						
Credits	3,545	4,210	4,518	4,711	4,584	3,119
Debits	-1,880	-2,002	-2,189	-2,283	-2,343	-2,392
<i>Net unrequited transfers</i>	<i>1,665</i>	<i>2,208</i>	<i>2,329</i>	<i>2,428</i>	<i>2,241</i>	<i>727</i>
Balance on current account	-10,591	-17,794	-22,143	-16,310	-12,625	-15,956

(a) Balance of payments basis.

Source: Balance of Payments, Australia, December Quarter 1993 (5302.0).

26.2 CAPITAL ACCOUNT AND BALANCING ITEM
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Net capital transactions						
Official						
General government						
Foreign investment in Australia						
Borrowing	3,935	3,170	3,748	742	2,095	11,621
Other	- 71	- 188	- 74	- 5	- 29	- 35
Total	3,864	2,982	3,674	737	2,066	11,586
Australian investment abroad	462	30	- 31	- 420	656	44
Total general government	4,325	3,012	3,643	317	2,723	11,630
Reserve Bank						
Foreign investment in Australia	- 8	—	24	- 22	21	39
Australian investment abroad						
Reserve assets	- 3,924	- 873	- 2,156	- 1,446	3,929	3,950
Other	—	—	—	—	—	—
Total	- 3,924	- 873	- 2,156	- 1,446	3,929	3,950
Total Reserve Bank	- 3,932	- 873	- 2,132	- 1,468	3,950	3,989
Total official	393	2,139	1,511	- 1,151	6,673	15,619
Non-official						
Foreign investment in Australia						
Direct investment						
Reinvestment of earnings	2,428	2,132	1,126	674	750	2,318
Other	5,684	9,958	6,235	7,872	6,134	2,738
Portfolio and other investment	16,207	17,731	13,679	12,958	6,483	2,030
Total foreign investment in Australia	24,318	29,821	21,041	21,504	13,368	7,086
Australian investment abroad						
Direct investment						
Reinvestment of earnings	- 2,163	- 2,166	- 1,364	- 205	- 555	- 1,930
Other	- 7,983	- 4,458	- 901	1,018	- 410	- 1,297
Portfolio and other investment	- 2,666	- 5,262	- 963	- 2,762	- 2,632	- 2,584
Total Australian investment abroad	- 12,812	- 11,886	- 3,228	- 1,949	- 3,597	- 5,811
Total non-official	11,506	17,936	17,812	19,555	9,771	1,275
Balance on capital account	11,900	20,074	19,324	18,404	16,444	16,895
Of which						
Net equity	- 1,742	1,660	4,229	11,761	2,387	7,356
Net debt	13,749	18,266	15,902	7,284	12,506	9,404
Net other	- 107	148	- 807	- 641	1,551	134
Balancing item	- 1,309	- 2,280	2,819	- 2,094	- 3,819	- 939

Source: Balance of Payments, Australia, December Quarter 1993 (5302.0).

26.3 OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

<i>Financial year ending 30 June</i>						
	1988	1989	1990	1991	1992	1993
— \$ million —						
Levels of official reserve assets(a)						
Foreign exchange						
United States dollars	8,015	6,813	8,464	8,537	5,553	5,684
Other	6,926	8,924	9,076	10,925	12,203	9,702
Special drawing rights	420	398	379	360	375	133
Reserve position in IMF	312	414	411	421	471	855
Gold	4,509	3,861	3,541	3,804	3,639	4,448
Total	20,182	20,410	21,871	24,047	22,240	20,823
— Units of foreign currency per \$A —						
Exchange rates						
End of year(b)						
United States dollar	0.7940	0.7553	0.7890	0.7681	0.7488	0.6722
United Kingdom pound	0.4612	0.4882	0.4536	0.4712	0.3945	0.4453
German mark	1.441	1.480	1.318	1.382	1.144	1.137
Japanese yen	105.17	108.79	120.41	106.19	94.05	71.54
Special drawing right	0.6059	0.6051	0.5967	0.5825	0.5213	0.4818
Period average(c)						
United States dollar	0.7290	0.8160	0.7697	0.7853	0.7694	0.7030
United Kingdom pound	0.4167	0.4755	0.4733	0.4240	0.4381	0.4363
German mark	1.262	1.512	1.367	1.248	1.274	1.103
Japanese yen	97.58	106.95	113.27	107.60	100.97	84.22
Special drawing right	0.5448	0.6244	0.5958	0.5656	0.5580	0.4982

(a) SDRs, and Australia's reserve position in the IMF are based on the IMF basket valuation for the SDR, which is published in terms of US dollars crossed with the representative rate for the Australian dollar in terms of the US dollar. Gold is valued at the average London gold price for the month, converted to Australian dollars at the market rate of exchange applying on the last trading day of the month. The foreign currency value of all other overseas assets has been based, where applicable, on market quotations. Accrued interest is normally taken into account. Conversion to Australian dollar equivalent is based on end of period market rates of exchange. (b) These exchange rates relate to the last trading day of the reference period. (c) These exchange rates are derived by averaging figures for each trading day.

Source: Reserve Bank of Australia for official reserve assets and Balance of Payments, Australia, December Quarter 1993 (5302.0) for exchange rates.

26.4 EXPORTS OF GOODS AND SERVICES (BALANCE OF PAYMENTS BASIS)
AT CURRENT AND AVERAGE 1989-90 PRICES
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
AT CURRENT PRICES						
Rural exports f.o.b.						
Meat and meat preparations	2,557	2,270	2,936	3,173	3,434	3,752
Cereal grains and cereal preparations(a)	2,298	2,828	3,288	2,436	2,352	2,953
Sugar, sugar preparations and honey	701	934	1,104	948	747	1,073
Wool and sheepskins	5,806	5,984	3,753	2,887	3,829	3,365
Other rural	3,979	4,053	4,263	4,578	5,241	5,936
Total rural	15,341	16,069	15,344	14,022	15,603	17,079
Non-rural exports f.o.b.						
Metal ores and minerals(a)	5,480	6,689	7,600	8,557	7,938	7,942
Mineral fuels						
Coal, coke and briquettes	4,866	4,805	5,932	6,480	6,949	7,620
Other mineral fuels	1,786	1,285	2,068	3,595	3,402	3,913
Metals						
Gold	3,107	3,021	3,764	4,136	4,605	4,583
Other metals	3,863	4,669	4,650	4,737	4,702	5,211
Machinery	1,836	1,917	2,468	3,123	3,471	4,347
Transport equipment	1,022	912	1,178	1,907	1,655	2,020
Other manufactures	3,006	3,299	4,061	4,355	5,268	6,017
Other non-rural(a)	1,208	1,225	1,499	1,243	1,281	1,283
Total non-rural	26,174	27,825	33,220	38,133	39,271	42,936
Total exports f.o.b.	41,515	43,894	48,564	52,155	54,874	60,015
Exports of services	9,565	10,834	11,569	12,999	13,954	14,863
Total exports of goods and services	51,080	54,728	60,133	65,154	68,828	74,878
AT AVERAGE 1989-90 PRICES						
Rural exports f.o.b.						
Meat and meat preparations	2,793	2,438	2,936	3,259	3,511	3,761
Cereal grains and cereal preparations(a)	3,346	3,078	3,288	3,466	2,713	3,105
Sugar, sugar preparations and honey	1,015	1,110	1,104	1,029	923	1,229
Wool and sheepskins	5,524	5,125	3,753	4,002	5,781	5,220
Other rural	4,081	4,174	4,263	4,683	5,230	5,668
Total rural	16,759	15,925	15,344	16,439	18,158	18,983
Non-rural exports f.o.b.						
Metal ores and minerals(a)	7,420	7,623	7,600	8,729	8,756	8,765
Mineral fuels						
Coal, coke and briquettes	5,814	5,588	5,932	6,401	6,923	7,225
Other mineral fuels	1,737	1,464	2,068	2,615	2,884	3,178
Metals						
Gold	2,577	3,055	3,764	4,394	5,300	4,964
Other metals	4,096	4,294	4,650	5,140	5,700	6,142
Machinery	1,877	1,925	2,468	3,200	3,667	4,519
Transport equipment	1,116	997	1,178	1,885	1,548	1,758
Other manufactures	3,053	3,347	4,061	4,384	5,485	6,019
Other non-rural(a)	1,459	1,381	1,499	1,302	1,383	1,358
Total non-rural	29,149	29,674	33,220	38,050	41,646	43,928
Total exports f.o.b.	45,908	45,599	48,564	54,489	59,804	62,911
Exports of services	10,355	11,413	11,569	12,302	13,048	13,780
Total exports of goods and services	56,263	57,012	60,133	66,791	72,852	76,691

(a) Entries from 1990-91 are not strictly comparable with entries for earlier periods because of changed confidentiality embargo procedures applied in the compilation of certain merchandise trade statistics. See 'Changes in this issue' in the September quarter 1991 issue of *Balance of Payments, Australia* (5302.0).

Source: *Balance of Payments, Australia, December Quarter 1993* (5302.0).

**26.5 IMPORTS OF GOODS AND SERVICES (BALANCE OF PAYMENTS BASIS)
AT CURRENT AND AVERAGE 1989-90 PRICES
(\$ million)**

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
AT CURRENT PRICES						
Food, beverages and tobacco	2,013	2,200	2,285	2,323	2,443	2,669
Fuels	2,036	2,014	2,520	3,147	2,824	3,754
Chemicals (incl. plastics)(a)	4,280	4,973	5,203	5,163	5,551	6,623
Textile, fabrics etc.	1,931	2,002	1,946	1,830	2,013	2,145
Metals and metal manufactures	2,205	2,625	2,764	2,484	2,476	2,980
Machinery	12,230	13,793	15,522	14,228	14,712	17,751
Transport equipment	4,152	6,849	7,759	7,684	7,372	8,132
Other manufactures	8,563	9,766	10,308	10,108	11,108	12,560
Other imports(a)	2,976	2,810	2,684	2,289	2,557	2,812
<i>Total imports f.o.b.</i>	<i>40,386</i>	<i>47,032</i>	<i>50,991</i>	<i>49,256</i>	<i>51,056</i>	<i>59,426</i>
of which						
Exogenous	3,829	4,186	4,770	5,648	5,206	5,463
Endogenous						
Consumption goods	9,348	11,432	12,125	12,207	13,579	15,859
Capital goods	8,578	10,583	11,743	10,588	10,260	12,778
Other goods	18,631	20,831	22,353	20,813	22,011	25,326
<i>Total endogenous</i>	<i>36,557</i>	<i>42,846</i>	<i>46,221</i>	<i>43,608</i>	<i>45,850</i>	<i>53,963</i>
Imports of services	12,433	14,077	16,732	16,508	16,751	17,648
Total imports of goods and services	52,819	61,109	67,723	65,764	67,807	77,074
AT AVERAGE 1989-90 PRICES						
Food, beverages and tobacco	1,912	2,260	2,285	2,310	2,381	2,435
Fuels	2,096	2,492	2,520	2,588	2,929	3,543
Chemicals (incl. plastics)(a)	4,171	5,083	5,203	5,161	5,455	6,316
Textiles, fabrics etc.	1,866	2,075	1,946	1,778	1,950	2,002
Metals and metal manufactures	2,297	2,689	2,764	2,470	2,400	2,736
Machinery	11,366	14,061	15,522	14,507	15,431	17,601
Transport equipment	3,910	7,045	7,759	7,476	6,600	6,230
Other manufactures	8,610	10,359	10,308	9,966	10,929	11,532
Other imports(a)	3,178	2,957	2,684	2,372	2,707	2,724
<i>Total imports f.o.b.</i>	<i>39,406</i>	<i>49,021</i>	<i>50,991</i>	<i>48,628</i>	<i>50,782</i>	<i>55,119</i>
of which						
Exogenous	3,834	4,845	4,770	5,073	5,217	5,018
Endogenous						
Consumption goods	9,064	11,768	12,125	12,041	12,889	13,781
Capital goods	7,850	10,942	11,743	10,572	10,247	11,799
Other goods	18,657	21,466	22,353	20,942	22,430	24,520
<i>Total endogenous</i>	<i>35,572</i>	<i>44,176</i>	<i>46,221</i>	<i>43,555</i>	<i>45,565</i>	<i>50,101</i>
Imports of services	12,573	15,101	16,732	15,398	15,436	15,265
Total imports of goods and services	51,979	64,122	67,723	64,026	66,218	70,384

(a) Entries from 1990-91 are not strictly comparable with entries for earlier periods because of changed confidentiality embargo procedures applied in the compilation of certain merchandise trade statistics. See 'Changes in this issue' in the September quarter 1991 issue of *Balance of Payments, Australia* (5302.0).

Source: *Balance of Payments, Australia, December Quarter 1993* (5302.0).

INTERNATIONAL MERCHANDISE TRADE

Scope

The international merchandise trade statistics presented in this chapter relate to merchandise exports and imports. They are compiled in broad agreement with the United Nations' recommendations for the compilation of international trade statistics.

Merchandise trade covers all movable goods which add to (imports) or subtract from (exports) Australia's stock of material resources.

Excluded are:

- direct transit trade, that is, goods being transshipped or moved through Australia for purposes of transport only;
- ships and aircraft moving through Australia while engaged in the transport of passengers or goods between Australia and other countries; and
- non-merchandise trade, consisting primarily of goods moving on a temporary basis (for example, mobile equipment, goods under repair and goods for exhibition) and passengers' effects.

Coverage

International merchandise trade statistics are compiled by the Australian Bureau of Statistics from information submitted by exporters and importers or their agents to the Australian Customs Service.

The United Nations' recommendations for the compilation of merchandise trade statistics recognise that the basic sources used by most compiling countries — customs records — will not be able to capture certain transactions. In Australia the following types of goods, which fall within the scope of merchandise trade, are excluded because customs entries are not required:

- certain materials under intergovernmental agreements for defence and similar projects;
- migrants' and passengers' effects exported or imported and parcel post exports and imports of small value, for which Customs' entries are not required; and
- the sale or delivery of certain ships intended for use on overseas routes.

For exports only:

- sales of aircraft (and parts or components) which were imported into Australia prior to 1 July 1987 for use on overseas routes. (Sales of aircraft (and parts or components) which were imported into Australia on or after 1 July 1987 for use on overseas routes are included in recorded export statistics);
- fish and other sea products landed abroad directly from the high seas by Australian ships; and
- export consignments where the value of the goods in each transaction is less than \$500.

For imports only:

- bunkers, aviation fuel and stores supplied abroad to Australian ships and aircraft;
- the delivery of certain aircraft (and parts and components) prior to 1 July 1987 intended for use on overseas routes; and
- entries lodged on informal clearance documents (ICDs) for values not exceeding \$250, and ICDs for postal articles valued up to \$1,000.

Valuation

For exports, the *point of valuation* adopted is free-on-board (f.o.b.) at the Australian port of shipment while the *basis of valuation* is transactions values or the actual price at which the goods are sold.

For imports, from 1 July 1989 the *point of valuation* is the point of containerisation (in most cases), or f.o.b. at the customs frontier of the exporting country or the port of loading, whichever comes first. For prior periods a number of points of valuation, depending upon contractual arrangements for delivery, have applied. The *basis of valuation* is the customs value, which for transactions between independent buyers and sellers will generally be the price actually payable. Where traders are not independent, that is, they may be related or affiliated in some way, an appropriate customs value may be determined.

Relationship to balance of payments statistics

The basic source of balance of payments data on merchandise exports and imports is 'international merchandise trade statistics'. However, because of conceptual differences, various coverage, timing and (imports only)

valuation adjustments are necessary before international merchandise trade statistics can be put on a balance of payments basis. Therefore, the merchandise exports and imports statistics, and the excess of exports (+) or imports (-), shown in this section will differ from those shown in the balance of payments section of this chapter. For more information on the relationship between merchandise trade measures in international merchandise trade and balance of payments statistics see either Appendix A of *Foreign Trade, Australia: Merchandise Exports and Imports* (5410.0) or

chapter 9 of *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0).

Total merchandise exports and imports

In the year ended June 1993, merchandise exports rose 10 per cent to reach \$60,778 million while merchandise imports rose 17 per cent to \$59,577 million. Exports exceeded imports by \$1,201 million, representing a 70 per cent decrease from the surplus of exports recorded in the previous year.

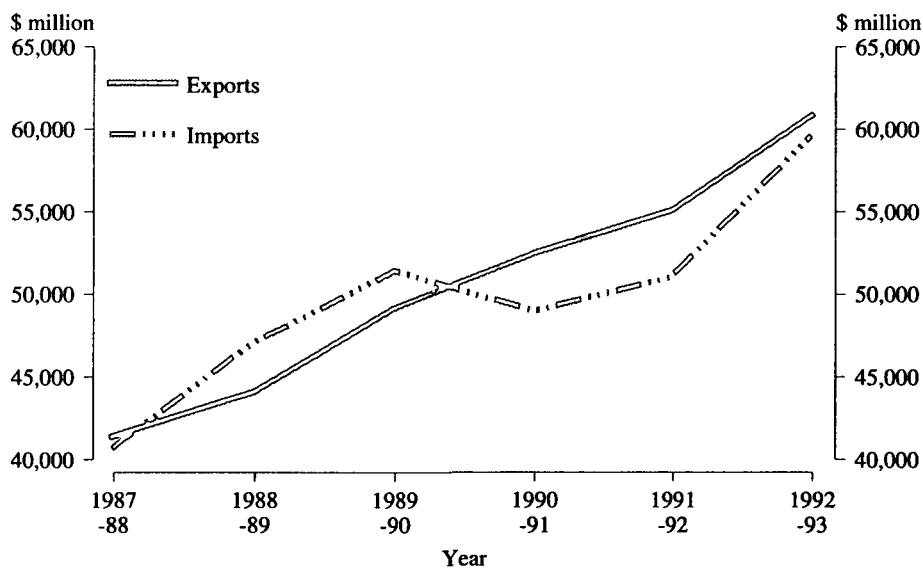
26.6 TOTAL MERCHANDISE EXPORTS AND IMPORTS(a) (\$ million)

Period	Exports	Imports(b)	Excess of exports or imports(c)
1987-88	41,307	40,597	710
1988-89	44,007	47,040	- 3,033
1989-90	49,078	51,333	- 2,255
1990-91	52,398	48,912	3,487
1991-92	55,027	50,984	4,043
1992-93	60,778	59,577	1,201

(a) For periods from 1 July 1987 exports and imports of gold coins, whether or not they are legal tender, and other coins which are legal tender are included in merchandise exports and imports. See Appendix A of the 1988-89 issue of *Foreign Trade, Australia: Merchandise Exports and Imports* (5410.0). (b) Due to changes in Customs' valuation, data for periods prior to 1 July 1989 are not fully comparable with data for later periods. For further details, see the Explanatory Notes in *International Merchandise Trade, Australia* (5422.0). (c) A minus sign denotes excess of imports.

Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93* (5410.0).

26.7 MERCHANDISE EXPORTS AND IMPORTS



Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93* (5410.0).

Merchandise exports and imports by State

The following table classifies merchandise trade by Australian States/Territories. For exports, State/Territory refers to where the final stage of production or manufacturing occurs. For imports, State/Territory refers to the State where imported goods were released from Customs' control, also

called the State of final destination. The State of final destination is not necessarily the State in which the port of discharge of the goods is located. Goods can be forwarded interstate after discharge, either under Customs' control or not, but are recorded as being imported into the State where they are released by Customs.

26.8 MERCHANDISE EXPORTS AND IMPORTS, BY STATE/TERRITORY
(\$ million)

State/Territory	Exports			Imports		
	1990-91	1991-92	1992-93	1990-91	1991-92	1992-93
New South Wales	11,992	11,700	13,246	22,383	23,317	26,436
Victoria	8,803	9,545	11,044	14,902	15,353	18,147
Queensland	10,727	10,865	11,789	4,903	5,627	6,334
South Australia	3,007	3,431	3,756	2,194	2,397	3,068
Western Australia	12,659	14,055	14,993	3,636	3,548	4,966
Tasmania	1,341	1,439	1,521	299	287	334
Northern Territory	1,783	1,481	1,280	567	430	273
Australian Capital Territory	7	11	8	28	26	19
State not available for publication(a)	82	160	387	—	—	—
Total	50,403	52,687	58,023	48,912	50,984	59,577
Re-exports	1,996	2,340	2,754	—	—	—
Total	52,399	55,027	60,778	48,912	50,984	59,577

(a) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month which cannot be allocated by State/Territory.

Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93* (\$410.0).

Merchandise exports and imports by country

For the purposes of international merchandise trade statistics, a country is defined as a geographical entity which trades, or has the potential to trade, with Australia in accordance with Australian Customs Service provisions. External territories under Australian administration are treated as separate countries while self-governing territories and dependent territories under the administration of other countries may be treated as individual countries in Australian merchandise trade statistics.

For exports, country refers to the country to which the goods were consigned at the time of export. For imports, country refers to the country of origin of the goods, which is defined as the country of production for

Customs' purposes. Where the country of consignment or the country of origin is not known at the time of export or import, goods are recorded as *Destination unknown* (exports) or *Origin unknown* (imports).

Table 26.9 shows merchandise trade classified by country and the two country groups of ASEAN and the European Community. The main changes in 1992-93 from the previous year in the pattern of trade with other countries which contributed to the \$2,842 million decrease in the merchandise trade surplus were:

- a \$1,541 million (24%) rise in the deficit with the USA as a result of a fall in exports of \$280 million (mainly meat) and a rise in imports of \$1,261 million (mainly machinery, manufactured goods and articles, and chemicals);

- a \$1,219 million (23%) fall in the surplus with Japan with an increase in imports of road vehicles being most significant;
- a \$477 million (25%) rise in the deficit with Germany as a result of a fall in exports of \$102 million (mainly crude materials and machinery) and a rise in imports of \$375 million (mainly chemicals, machinery, and miscellaneous manufactured articles); and
- a \$330 million (471%) rise in the deficit with Papua New Guinea as a result of a fall in exports of \$28 million and a rise in imports of \$301 million (mainly due to an increase in crude petroleum, partly offset by a decrease in non-monetary gold).

These contributions to the decrease in the overall surplus were partly offset by:

- a \$487 million (37%) rise in the surplus with Hong Kong with increases in exports of non-ferrous metals and non-road transport equipment being most significant; and
- a \$389 million (21%) rise in the surplus with Singapore as a result of a \$598 million increase in exports (mainly gold, machinery and transport equipment) that was partly offset by a \$208 million rise in imports (mainly computers and petroleum).

26.9 MERCHANDISE EXPORTS AND IMPORTS, BY COUNTRY (\$ million)

Country	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
Association of South East Asian Nations (ASEAN)						
Brunei	15	41	19	82	53	50
Indonesia	1,462	784	1,627	995	1,715	1,305
Malaysia	985	732	1,103	867	1,310	974
Philippines	437	129	513	143	598	177
Singapore	2,769	1,271	3,189	1,301	3,787	1,509
Thailand	665	505	816	647	1,205	756
<i>Total ASEAN</i>	<i>6,334</i>	<i>3,461</i>	<i>7,267</i>	<i>4,035</i>	<i>8,667</i>	<i>4,770</i>
European Community (EC)						
Belgium-Luxembourg	448	380	594	387	618	512
Denmark	89	207	95	230	67	274
France	774	1,233	939	1,336	851	1,481
Germany	1,056	3,115	1,092	3,007	990	3,383
Greece	30	45	46	49	41	51
Ireland	16	199	19	193	22	255
Italy	923	1,390	979	1,229	872	1,349
Netherlands	1,016	550	856	588	876	624
Portugal	32	52	28	59	41	63
Spain	196	204	286	179	289	218
United Kingdom	1,796	3,302	1,930	3,102	2,395	3,395
<i>Total EC</i>	<i>6,375</i>	<i>10,678</i>	<i>6,865</i>	<i>10,360</i>	<i>7,061</i>	<i>11,605</i>
Other countries						
Algeria	69	—	36	—	21	10
Angola	2	—	1	—	—	19
Argentina	138	70	102	66	73	76
Austria	26	203	24	210	27	226
Bahrain(a)	156	11	88	17	29	4
Bangladesh	78	25	86	23	81	18
Brazil	138	316	225	316	289	329
Bulgaria	3	4	13	4	11	4

For footnotes see end of table.

26.9 MERCHANDISE EXPORTS AND IMPORTS, BY COUNTRY — *continued*
(\$ million)

Country	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
Cambodia	1	—	46	—	46	—
Canada	802	902	845	849	1,158	984
Cayman Islands	—	10	1	8	—	11
Chile	52	40	48	41	87	33
China	1,348	1,503	1,458	1,976	2,268	2,557
Christmas Island	9	—	10	—	12	—
Colombia	4	8	9	10	13	11
Cyprus	3	1	11	1	10	1
Czech and Slovak Federal Republic(b)	23	35	22	38	20	29
Czech Republic(b)	—	—	—	—	5	14
Egypt(a)	246	2	381	3	279	5
Ethiopia	2	—	13	—	14	1
Fiji	240	90	246	101	327	130
Finland	80	303	114	322	116	415
French Polynesia	88	—	66	1	85	—
Ghana	18	—	21	1	25	1
Guam	16	—	29	—	25	—
Hong Kong	1,560	741	2,106	792	2,596	796
Hungary	2	26	3	25	17	30
India	667	260	754	288	888	362
Iran	477	10	261	14	371	14
Iraq	6	—	187	—	24	—
Israel	45	145	71	139	66	173
Japan	14,378	8,849	14,574	9,290	15,204	11,139
Jordan	22	1	25	2	39	11
Kiribati	13	—	15	—	15	—
Korea, Democratic People's Republic of	41	—	—	—	8	—
Korea, Republic of	3,237	1,254	3,365	1,213	3,969	1,696
Kuwait	7	42	56	29	100	59
Laos	1	—	5	—	28	—
Libya	8	—	10	—	11	—
Macau	3	34	20	19	14	15
Malawi	—	10	1	12	—	8
Marshall Islands	3	—	11	—	3	—
Mauritius	42	3	59	5	61	2
Mexico	64	94	90	89	129	90
Mozambique	4	1	17	1	11	—
Myanmar	29	5	15	4	7	11
Nauru	21	17	24	20	40	28
New Caledonia	81	16	124	29	154	39
New Zealand	2,545	2,150	2,830	2,399	3,363	2,787
Nigeria	5	—	3	—	10	—
Norfolk Island	10	—	9	—	9	—
Norway(a)	24	148	39	106	117	124

For footnotes see end of table.

26.9 MERCHANDISE EXPORTS AND IMPORTS, BY COUNTRY — *continued*
(\$ million)

Country	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
Oman	70	37	62	14	89	1
Pakistan	153	76	206	96	253	132
Panama	25	1	2	16	1	—
Papua New Guinea	779	584	883	953	854	1,254
Peru	14	7	15	11	22	19
Poland	26	30	14	25	17	23
Puerto Rico	8	215	5	187	5	202
Qatar	26	13	35	4	32	22
Romania	44	6	80	7	63	8
Russian Federation(c)	—	—	—	—	157	25
Samoa (American)	27	2	18	2	18	3
Saudi Arabia	218	843	266	643	329	812
Slovenia(d)	—	—	—	10	5	24
Solomon Islands	38	4	50	2	47	3
South Africa	178	99	226	114	334	192
Sri Lanka	39	33	47	39	77	39
Sweden	127	767	145	793	136	1,013
Switzerland	1,256	664	655	580	302	721
Syria	1	26	1	—	6	—
Taiwan	1,962	1,752	2,519	1,979	2,682	2,213
Tonga	13	2	13	2	13	2
Turkey	169	32	171	46	264	39
USSR(c)	431	52	203	14	18	4
United Arab Emirates	278	419	329	469	407	698
United States of America	5,778	11,475	5,220	11,743	4,940	13,004
United States Virgin Islands	—	13	1	11	—	11
Uruguay	1	4	12	6	34	3
Vanuatu	36	2	32	1	35	1
Venezuela	27	21	19	4	19	4
Vietnam	25	18	50	79	76	237
Virgin Islands, British	34	—	—	—	—	—
Western Samoa	18	2	25	16	25	52
Yemen	113	53	72	36	55	17
Yugoslavia(d)	61	50	35	33	8	2
Zimbabwe	19	14	8	13	8	9

For footnotes see end of table.

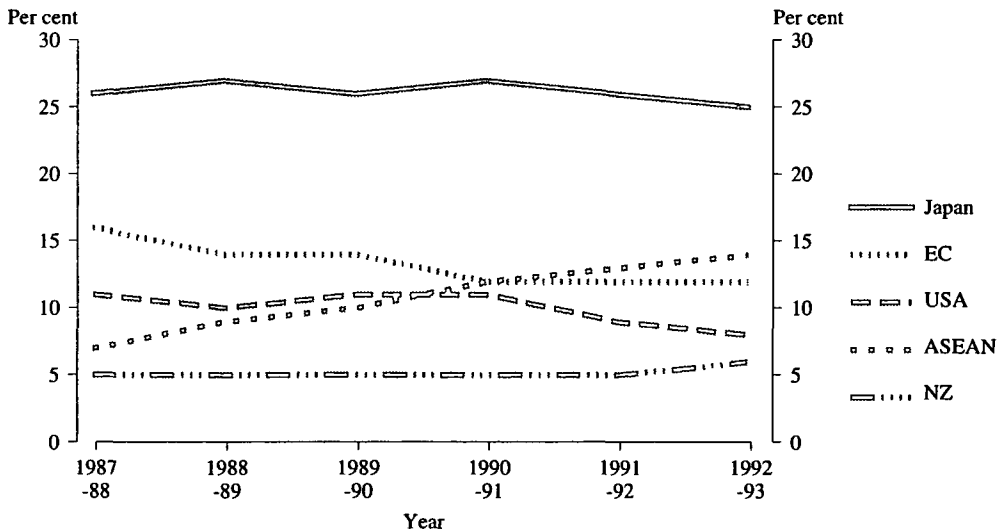
26.9 MERCHANDISE EXPORTS AND IMPORTS, BY COUNTRY — continued
(\$ million)

Country	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
Other countries	87	58	113	64	153	76
International waters	—	—	58	—	188	1
Destination or Origin unknown(e)	6	21	5	35	64	40
Ships' stores	679	—	568	—	703	—
No country details(a)	82	—	160	—	325	—
Re-imports	—	43	—	75	—	37
Total	52,399	48,912	55,027	50,984	60,778	59,577

(a) Exports of alumina to Egypt and Iceland are excluded from country totals and included in the 'No country details' category. This treatment also applies to exports of alumina to Norway up until February 1992 and to Bahrain from March 1992. (b) The scope of the former Czech and Slovak Republic has changed during the period covered in this table and care should be taken when comparing data over time. Trade has been separately identified from 10 March 1993 for the Czech Republic and the Slovak Republic. (c) The scope of the former USSR has changed during the periods covered in this table and care should be taken when comparing data over time. Trade has been separately identified from October 1991 for each of the three Baltic republics (Estonia, Latvia and Lithuania) and from September 1992 for each of the remaining 12 republics. Also, beginning in September 1992, the USSR has ceased to be identified. (d) The scope of Yugoslavia has changed during the periods covered in this table and care should be taken when comparing data over time. Trade has been separately identified from January 1992 for Bosnia Herzegovina, Croatia, the former Yugoslav Republic of Macedonia and Slovenia. (e) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month which cannot be allocated by country.

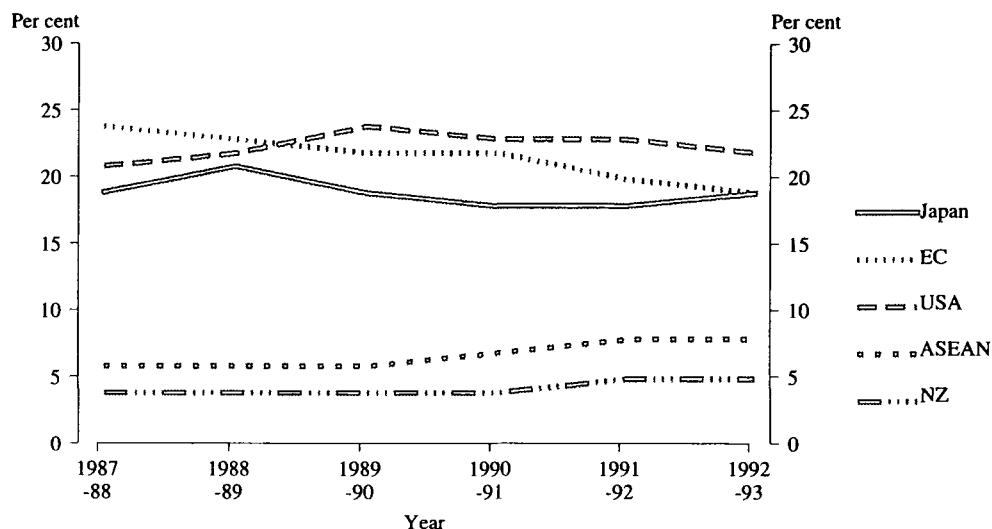
Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0).

26.10 PERCENTAGE OF AUSTRALIAN MERCHANDISE EXPORTS GOING TO SELECTED COUNTRIES AND COUNTRY GROUPS



Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0).

26.11 PERCENTAGE OF AUSTRALIAN MERCHANDISE IMPORTS COMING FROM SELECTED COUNTRIES AND COUNTRY GROUPS



Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (5410.0)*.

Maps 26.12, 26.13 and 26.14 show the main flows of Australia's exports and imports.

Merchandise exports and imports by commodity

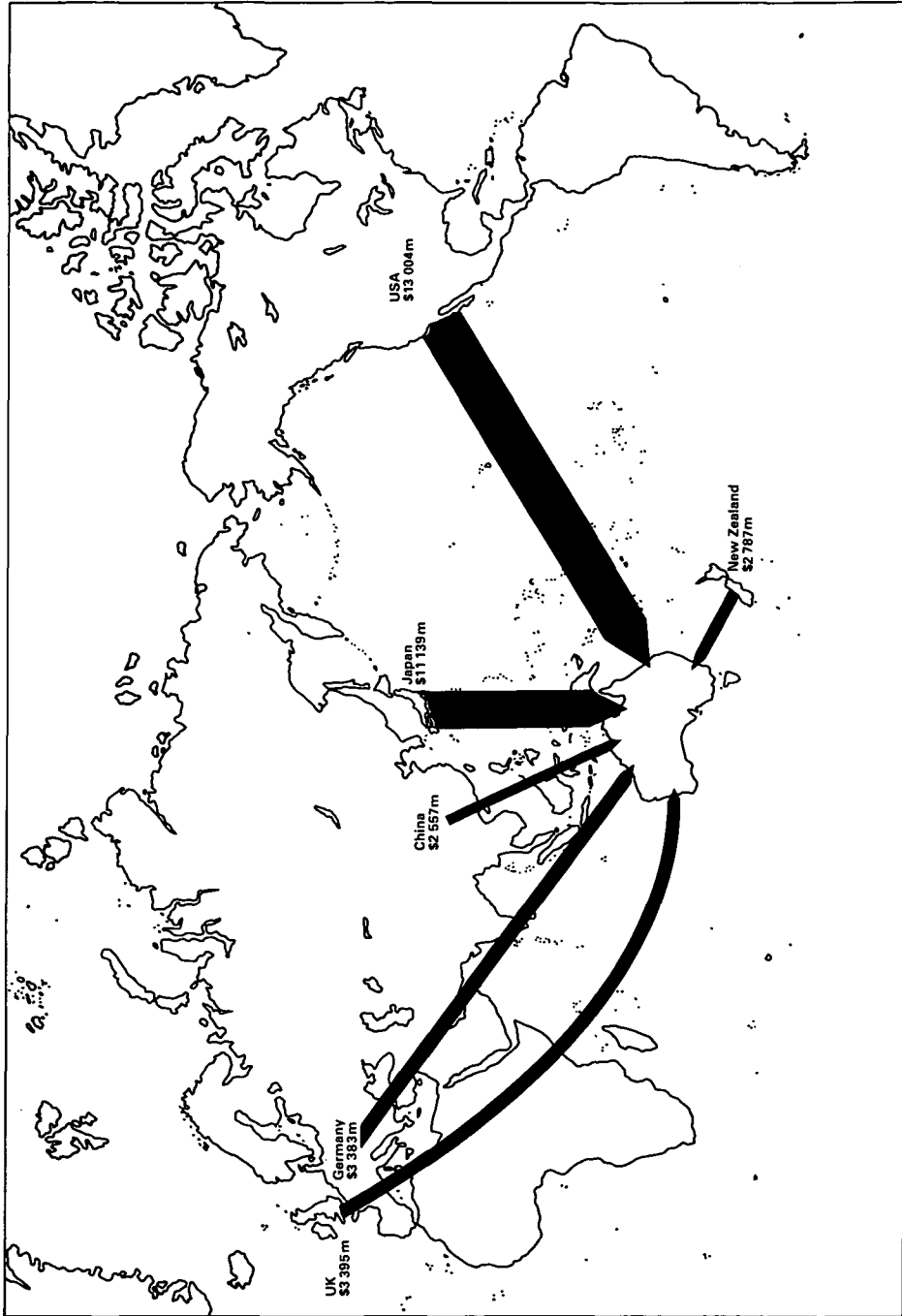
Commodity export and import statistics are presented according to the codes and descriptions of the third revision of the United Nations' Standard International Trade Classification (SITC Rev. 3). This classification groups commodities according to their stage of processing — from food and crude raw materials through to highly transformed manufactures.

Exports and imports of merchandise trade are also classified according to the 19 categories of the United Nations' classification Broad Economic Categories (BEC). The BEC classifies foreign trade statistics for the purposes of general economic analysis according to the main end use of the commodities traded.

Tables 26.15 and 26.16 show the values of major commodities exported and imported in 1992-93 and their percentage of the total value of exports and imports.

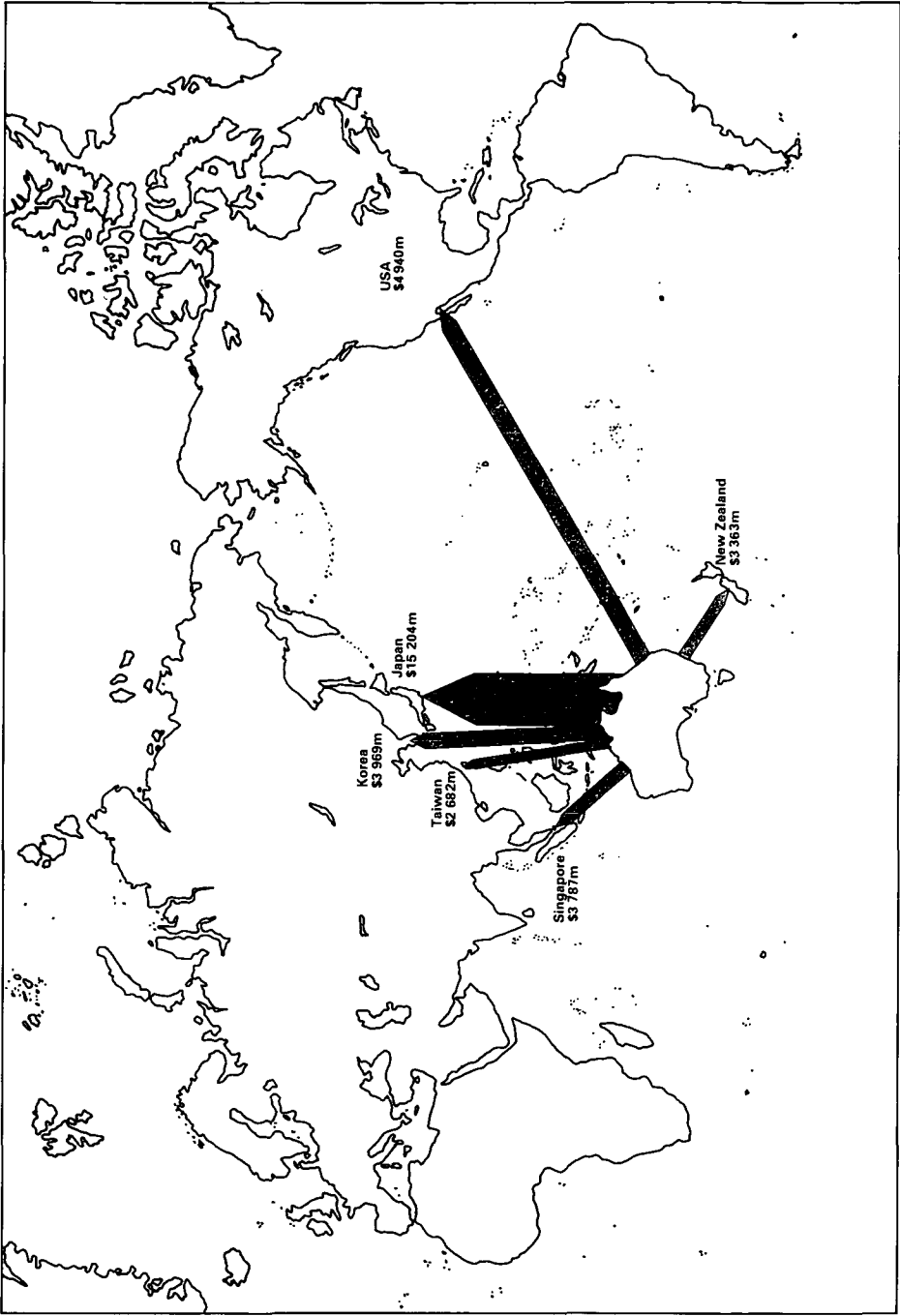
Table 26.17 shows the value of all exports and imports, at broad commodity level, for 1990-91 to 1992-93. For the year ended June 1993, exports were \$60,778 million, up \$5,751 million (10%) on the previous financial year. The most significant contributors to the rise were coal, coke and briquettes, up \$674 million (10%) to \$7,623 million; cereal and cereal preparations, up \$600 million (25%) to \$2,953 million; non-ferrous metals, up \$438 million (12%) to \$3,995 million; and petroleum, petroleum products and related materials, up \$418 million (14%) to \$3,329 million. The commodities recording the biggest falls were textile fibres and their wastes, down \$601 million (13%) to \$4,013 million; and metalliferous ores, down \$67 million (1%) to \$7,572 million.

26.12 AUSTRALIAN MERCHANDISE IMPORTS: MAJOR SOURCE COUNTRIES, 1992-93



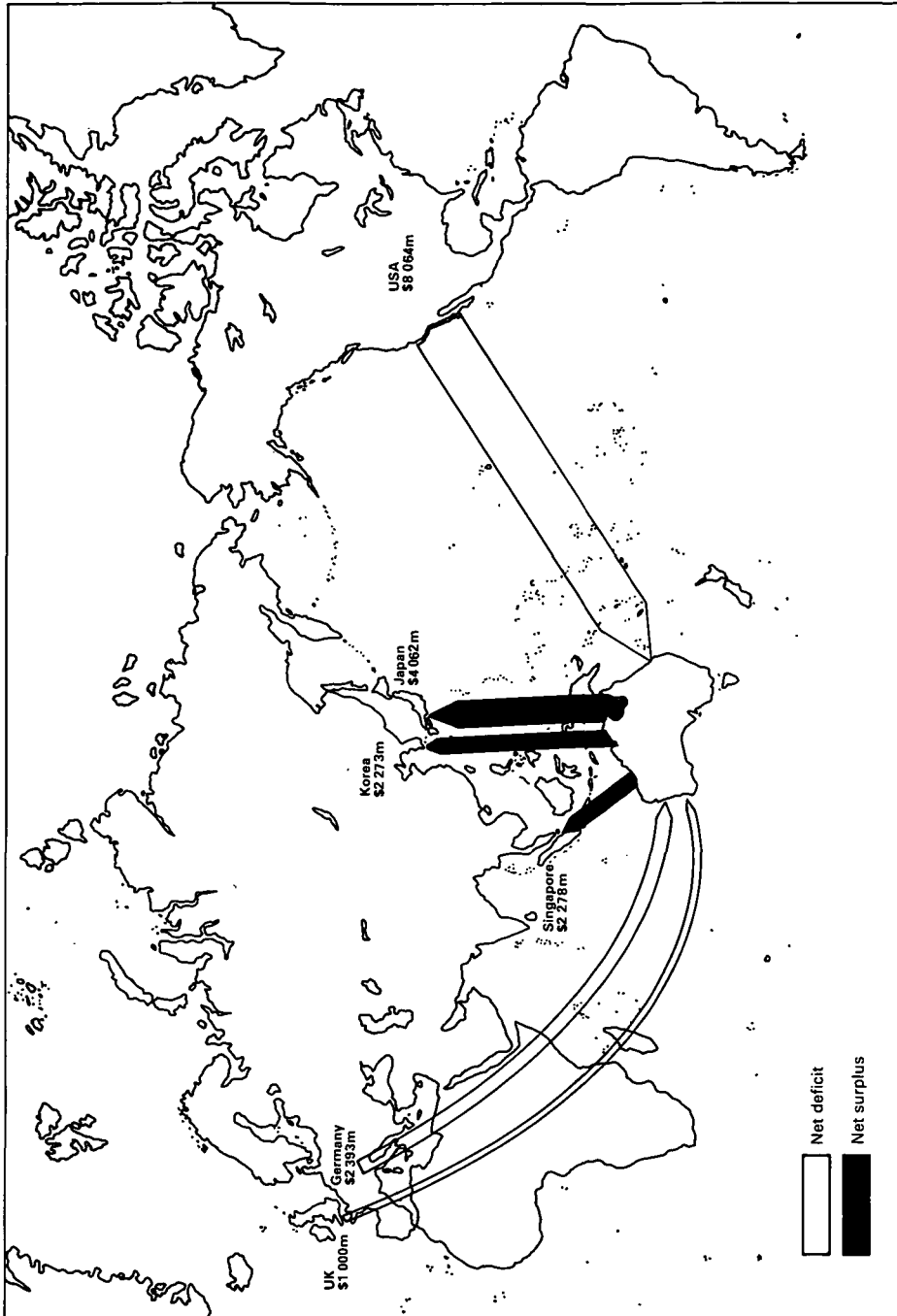
Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0).

26.13 AUSTRALIAN MERCHANDISE EXPORTS: MAJOR DESTINATIONS, 1992-93



Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0).

26.14 AUSTRALIA'S NET BALANCE OF TRADE: MAJOR PARTNER COUNTRIES(a), 1992-93



(a) Map shows the countries with which Australia has the largest net trade surpluses and deficits.
 Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0)*.

Australia's major exports for 1992-93 and their principal markets were:

- coal, \$7,538 million — 12 per cent of total exports: Japan (50%), Republic of Korea (12%), Taiwan (6%) and India (5%);
- non-monetary gold, \$4,315 million — 7 per cent of total exports: Singapore (44%), Japan (19%) and Hong Kong (14%);
- beef, \$2,991 million — 5 per cent of total exports: Japan (42%), USA (32%) and Canada (8%); and
- iron ore, \$2,895 million — 5 per cent of total exports: Japan (49%), Republic of Korea (17%) and China (15%).

For the year ended June 1993, imports were \$59,577 million, up \$8,593 million (17%) compared to the previous year. The most significant rises were recorded for: road vehicles, up \$1,352 million (28%) to \$6,161 million; petroleum, petroleum products and related materials, up \$1,117 million (41%) to \$3,829 million; machinery specialised for

particular industries, up \$745 million (39%) to \$2,649 million; and office machines, and ADP machines, up \$601 million (17%) to \$4,238 million. Partly offsetting these rises were falls in transport equipment (excluding road vehicles), down \$345 million (14%) to \$2,154 million; and inorganic chemicals, down \$65 million (9%) to \$655 million.

Australia's major commodity imports for 1992-93 and their principal sources were:

- passenger motor vehicles, \$3,195 million — 5 per cent of total imports: Japan (79%), Germany (9%) and Republic of Korea (5%);
- computers, \$2,323 million — 4 per cent of total imports: USA (41%), Taiwan (15%), Japan (14%) and Singapore (14%);
- crude petroleum, \$2,258 million — 4 per cent of total imports: United Arab Emirates (26%), Indonesia (16%) and Saudi Arabia (11%); and
- aircraft and associated equipment, \$1,697 million — 3 per cent of total imports: USA (87%) and UK (4%).

26.15 MERCHANDISE EXPORTS OF MAJOR COMMODITIES, 1992-93

<i>Commodity description and SITC Rev. 3 code</i>	<i>\$ million</i>	<i>Per cent</i>
Aircraft and associated equipment; spacecraft (incl. satellites) and spacecraft launch vehicles; and parts thereof (792)	539	1
Alumina (aluminium oxide) (285.20)	2,302	4
Aluminium (684)	2,047	3
Barley, unmilled (043)	405	1
Cars and other road vehicles (incl. air-cushion vehicles) (78)	989	2
Cheese and curd (024)	318	1
Coal, whether or not pulverised but not agglomerated (321)	7,538	12
Copper ores and concentrates (283.10)	267	—
Copper and copper alloys, unwrought (excl. master alloys) (682.11,12,14)	571	1
Cotton (other than linters), not carded or combed (263.10)	752	1
Crustaceans, molluscs and aquatic invertebrates (except canned or bottled) (036)	718	1
Fruit and nuts, fresh, dried or preserved and fruit preparations (incl. fruit juices) (057 - 059)	500	1
Gas, natural and manufactured (34)	1,235	2
Gold, non-monetary (excl. gold ores and concentrates) (971)	4,315	7
Hides and skins, bovine and equine, raw (211.11-13,20)	232	—
Iron and steel (67)	1,211	2
Iron ore concentrates and agglomerates (excl. roasted iron pyrites) (281.50,60)	2,895	5
Lead and lead alloys, unwrought (685.11,12)	336	1
Machinery specialised for particular industries (72)	697	1
Meat of bovine animals, fresh, chilled or frozen (011.11-22)	2,991	5
Meat of sheep and goats fresh, chilled or frozen (012.11-13)	468	1
Milk and cream and milk products other than butter or cheese (022)	627	1
Nickel and nickel alloys, unwrought (683.11,12)	250	—
Nickel oxide sinters (284.22)	314	1
Office machines and automatic data processing machines (75)	995	2
Ores and concentrates of molybdenum, niobium, titanium, etc. (287.81-85)(a)	251	—
Petroleum oils and oils obtained from bituminous minerals, crude (333)	1,801	3
Petroleum products (334,335)	1,528	3
Photographic and cinematographic supplies (882)	263	—
Plastics in primary and non-primary form (57,58)(a)	309	1
Power generating machinery and equipment (71)	615	1
Rice (042)(a)	228	—
Sheep and goats, live (001.21,22)	122	—
Skins, sheep and lamb, with wool on, raw (211.60)	116	—
Sorghum, unmilled (045.30)	34	—
Sugar, beet or cane, raw, in solid form (061.11,12)	979	2
Uranium and thorium ores and concentrates (286.10,20)(a)	125	—
Wheat (incl. spelt) and meslin unmilled (041)	1,987	3
Wood, in chips or particles (246.11,15)	422	1
Wool, greasy (incl. fleece-washed wool) (268.11,19)	2,142	4
Wool, other, not carded or combed (268.21,29)	844	1
Zinc and zinc alloys, unwrought (686.11,12)	481	1
Zinc ores and concentrates (287.50)	539	1
<i>Total major commodities(a)</i>	<i>46,299</i>	<i>76</i>
Total exports	60,778	100

(a) Excludes commodities subject to a 'No Commodity Details' restriction. For further information see the confidentiality appendices in *International Merchandise Trade, Australia* (5422.0).

Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93* (5410.0).

26.16 MERCHANDISE IMPORTS OF MAJOR COMMODITIES, 1992-93

<i>Commodity description and SITC Rev. 3 code</i>	<i>\$ million</i>	<i>Per cent</i>
Aircraft and associated equipment; spacecraft (including satellites) and spacecraft launch vehicles; and parts thereof (792)	1,697	3
Articles of apparel and clothing accessories (84)	1,330	2
Automatic data processing machines and units thereof (752)	2,323	4
Baby carriages, toys, games and sporting goods (894)	694	1
Chemical materials and products, n.e.s. (59)(a)	773	1
Civil engineering and contractors' plant and equipment (723)	1,022	2
Clay and refractory construction materials and mineral manufactures n.e.s. (662,663)	420	1
Coffee and coffee substitutes (071)	125	—
Electrical apparatus for switching or protecting electrical circuits (772)	670	1
Electrical machinery and apparatus n.e.s. (778)	991	2
Fish, crustaceans, molluscs, and aquatic invertebrates, and preparations thereof (03)	500	1
Glass, glassware and pottery (664,665,666)	414	1
Household type, electrical and non-electrical equipment n.e.s. (775)	525	1
Inorganic chemicals (52)(a)	655	1
Internal combustion piston engines, and parts thereof n.e.s. (713)	759	1
Iron and steel (67)	945	2
Machinery and equipment specialised for particular industries and parts thereof (728)	622	1
Manufactures of base metals n.e.s. (699)	573	1
Measuring, checking, analysing and controlling instruments and apparatus n.e.s. (874)	1,123	2
Medical and pharmaceutical products (54)	1,393	2
Motor vehicles for the transport of goods (782.10)	1,267	2
Non-electrical parts and accessories of machinery n.e.s. (749)	146	—
Organic chemicals (51)(a)	1,402	2
Paper, paperboard and articles of paper pulp, of paper or of paperboard (64)(a)	1,419	2
Parts and accessories of motor vehicles and tractors, track-laying and wheeled (784)	1,252	2
Parts and accessories for office and automatic data processing machines (759)	1,591	3
Passenger motor vehicles (other than public transport type vehicles) including station wagons and racing cars (781)	3,195	5
Petroleum oils and oils obtained from bituminous minerals, crude (333)	2,258	4
Petroleum oils and oils obtained from bituminous minerals (other than crude) (334)	1,402	2
Photographic and cinematographic supplies (882)(a)	412	1
Plastics in primary and non-primary forms (57,58)(a)	1,268	2
Printed matter (892)	825	1
Printing and bookbinding machinery, and parts thereof (726)	193	—
Pumps, centrifuges, filtering or purifying apparatus and parts thereof (743)	627	1
Rubber tyres, interchangeable tyre treads, tyre flaps and inner tubes for wheels of all kinds (625)	503	1
Ships, boats (including hovercraft) and floating structures (793)	410	1
Telecommunication equipment n.e.s. and parts n.e.s. and accessories (764)	1,415	2
Television and radio broadcast receivers (761,762)	593	1
Textile yarn (651)(a)	573	1
Tools for use in the hand or in machines (695)	323	1

For footnotes see end of table.

26.16 MERCHANDISE IMPORTS OF MAJOR COMMODITIES, 1992-93 — continued

<i>Commodity description and SITC Rev. 3 code</i>	<i>\$ million</i>	<i>Per cent</i>
Tractors, track-laying and wheeled (722)	185	—
Wood, sawn or chipped lengthwise, sliced or peeled (248.20,40)	474	1
Woven cotton fabrics (excl. narrow or special fabrics) (652)	301	1
Woven fabrics of man-made textile material (excl. narrow or special fabrics) (653)	395	1
<i>Total major commodities(a)</i>	<i>39,985</i>	<i>67</i>
Total imports	59,577	100

(a) Excludes commodities subject to a 'No Commodity Details' restriction. For further information see the confidentiality appendices in *International Merchandise Trade, Australia* (5422.0).

Source: *Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93* (5410.0).

26.17 MERCHANDISE EXPORTS AND IMPORTS BY COMMODITY (\$ million)

<i>Commodity description (Section and division of the SITC Rev. 3)</i>	<i>1990-91</i>		<i>1991-92</i>		<i>1992-93</i>	
	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>
0 FOOD AND LIVE ANIMALS						
00 Live animals other than fish, crustaceans, molluscs and aquatic invertebrates	160	73	209	60	246	60
01 Meat and meat preparations	3,180	36	3,436	43	3,747	33
02 Dairy products and birds' eggs	721	124	815	135	1,102	159
03 Fish (not marine mammals) crustaceans, molluscs and aquatic invertebrates and preparations thereof	720	447	832	474	951	499
04 Cereals and cereal preparations(a)	2,438	105	2,353	112	2,953	136
05 Vegetables and fruit	628	383	728	469	873	470
06 Sugars, sugar preparations and honey(a)	948	61	747	59	1,074	77
07 Coffee, tea, cocoa, spices and manufactures thereof	88	309	97	309	124	337
08 Feeding stuff for animals (excl. unmilled cereals)	257	65	356	90	467	67
09 Miscellaneous edible products and preparations	113	313	145	306	144	389
<i>Total section 0(a)</i>	<i>9,252</i>	<i>1,916</i>	<i>9,716</i>	<i>2,058</i>	<i>11,681</i>	<i>2,228</i>
1 BEVERAGES AND TOBACCO						
11 Beverages	289	293	345	281	385	319
12 Tobacco and tobacco manufactures	21	102	21	111	32	119
<i>Total section 1</i>	<i>310</i>	<i>395</i>	<i>366</i>	<i>392</i>	<i>417</i>	<i>438</i>

For footnotes see end of table.

26.17 MERCHANDISE EXPORTS AND IMPORTS BY COMMODITY — continued
(\$ million)

Commodity description (Section and division of the SITC Rev. 3)	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
2 CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS						
21 Hides, skins and furskins, raw	413	10	362	6	389	5
22 Oil seeds and oleaginous fruits	48	58	63	61	80	68
23 Crude rubber (incl. synthetic and reclaimed)	9	77	9	81	11	104
24 Cork and wood	437	436	444	459	465	571
25 Pulp and waste paper	28	147	7	142	12	157
26 Textile fibres and their wastes (not manufactured into yarn or fabric)	3,745	132	4,614	141	4,013	144
27 Crude fertilisers (excl. those of Division 56) and crude minerals (excl. coal, petroleum and precious stones)(b)	263	118	297	139	369	147
28 Metalliferous ores and metal scrap(c)	8,296	132	7,639	129	7,572	165
29 Crude animal and vegetable materials, n.e.s.	159	110	181	123	197	146
<i>Total section 2(b)(c)</i>	<i>13,398</i>	<i>1,220</i>	<i>13,617</i>	<i>1,280</i>	<i>13,108</i>	<i>1,506</i>
3 MINERAL FUELS, LUBRICANTS AND RELATED MATERIALS						
32 Coal, coke and briquettes	6,481	5	6,948	9	7,623	7
33 Petroleum, petroleum products and related materials	3,220	3,116	2,912	2,712	3,329	3,829
34 Gas, natural and manufactured	1,006	8	1,017	10	1,235	21
<i>Total section 3</i>	<i>10,706</i>	<i>3,129</i>	<i>10,878</i>	<i>2,731</i>	<i>12,186</i>	<i>3,857</i>
4 ANIMAL AND VEGETABLE OILS, FATS AND WAXES						
41 Animal oils and fats	118	2	115	2	156	2
42 Fixed vegetable fats and oils, crude, refined or fractionated(a)(b)	4	115	3	134	4	171
43 Fats and oils (processed), waxes and inedible mixtures or preparations, of animal or vegetable origin, n.e.s.	16	13	18	13	31	17
<i>Total section 4(a)(b)</i>	<i>138</i>	<i>129</i>	<i>136</i>	<i>150</i>	<i>192</i>	<i>190</i>
5 CHEMICAL AND RELATED PRODUCTS, N.E.S.						
51 Organic chemicals(b)	113	1,004	89	1,095	88	1,402
52 Inorganic chemicals(a)(b)	201	661	229	720	197	655
53 Dyeing, tanning and colouring materials	186	233	241	270	328	320
54 Medicinal and pharmaceutical products(a)	321	942	456	1,053	564	1,393
55 Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations	124	338	132	383	172	463
56 Fertilisers (excl. crude)	19	276	14	312	12	351
57 Plastics in primary forms(a)(b)	161	595	189	602	210	706
58 Plastics in non-primary forms(b)	77	439	86	483	100	562
59 Chemical materials and products, n.e.s.(b)	175	629	226	659	324	773
<i>Total section 5(a)(b)</i>	<i>1,377</i>	<i>5,118</i>	<i>1,662</i>	<i>5,575</i>	<i>1,994</i>	<i>6,624</i>

For footnotes see end of table.

26.17 MERCHANDISE EXPORTS AND IMPORTS BY COMMODITY — continued
(\$ million)

Commodity description (Section and division of the SITC Rev. 3)	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
6 MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL						
61 Leather, leather manufactures, and dressed furskins, n.e.s.	180	121	221	127	284	134
62 Rubber manufactures, n.e.s.(b)	65	661	79	748	108	812
63 Cork and wood manufactures (excl. furniture)(a)	37	214	63	238	66	259
64 Paper, paperboard and articles of paper pulp, of paper or of paperboard(a)(b)	188	1,155	212	1,334	258	1,419
65 Textile yarn, fabrics, made-up articles, n.e.s., and related products(b)	210	1,818	236	2,021	307	2,144
66 Non-metallic mineral manufactures, n.e.s.(a)(b)	507	958	616	928	558	1,033
67 Iron and steel	981	883	1,144	825	1,211	945
68 Non-ferrous metals(a)(b)	3,758	385	3,558	380	3,995	465
69 Manufactures of metals, n.e.s.(b)	477	1,201	561	1,283	551	1,569
<i>Total section 6(a)(b)</i>	<i>6,404</i>	<i>7,396</i>	<i>6,690</i>	<i>7,884</i>	<i>7,338</i>	<i>8,779</i>
7 MACHINERY AND TRANSPORT EQUIPMENT						
71 Power generating machinery and equipment	543	1,259	610	1,292	615	1,605
72 Machinery specialised for particular industries	517	2,148	535	1,903	697	2,649
73 Metal working machinery	82	317	84	320	105	288
74 General industrial machinery and equipment, n.e.s. and machine parts, n.e.s.	475	2,716	536	2,718	719	3,110
75 Office machines and automatic data processing machines	720	3,375	832	3,637	995	4,238
76 Telecommunications and sound recording and reproducing apparatus and equipment	320	1,737	307	1,981	502	2,346
77 Electrical machinery, apparatus, appliances, parts (incl. non-electrical counterparts of electrical domestic equipment)	470	2,521	595	2,836	763	3,362
78 Road vehicles (incl. air-cushion vehicles)	847	4,459	770	4,808	989	6,161
79 Transport equipment (excl. road vehicles)	657	3,156	765	2,499	1,031	2,154
<i>Total section 7</i>	<i>4,630</i>	<i>21,687</i>	<i>5,033</i>	<i>21,995</i>	<i>6,416</i>	<i>25,913</i>
8 MISCELLANEOUS MANUFACTURED ARTICLES						
81 Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.	43	139	72	155	63	177
82 Furniture parts thereof; bedding mattresses, mattress supports, cushions and similar stuffed furnishings	34	291	42	320	64	350
83 Travel goods, handbags and similar containers	5	215	4	241	7	270
84 Articles of apparel and clothing accessories	130	956	154	1,100	198	1,330
85 Footwear	24	384	30	411	41	512
87 Professional, scientific and controlling instruments and apparatus, n.e.s.	276	1,199	329	1,282	395	1,569
88 Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks(b)	255	778	287	839	397	977
89 Miscellaneous manufactured articles, n.e.s.	553	2,994	701	3,419	720	3,733
<i>Total section 8(b)</i>	<i>1,319</i>	<i>6,955</i>	<i>1,619</i>	<i>7,768</i>	<i>1,884</i>	<i>8,918</i>

For footnotes see end of table.

26.17 MERCHANDISE EXPORTS AND IMPORTS BY COMMODITY — continued
(\$ million)

Commodity description (Section and division of the SITC Rev. 3)	1990-91		1991-92		1992-93	
	Exports	Imports	Exports	Imports	Exports	Imports
9 COMMODITIES AND TRANSACTIONS NOT CLASSIFIED ELSEWHERE IN THE SITC						
93 Special transactions and commodities not classified according to kind	174	214	211	28	219	30
95 Gold coin whether or not legal tender, and other coin being legal tender	230	20	300	9	267	2
96 Coin (excl. gold coin) not being legal tender	1	2	—	—	1	—
97 Gold non-monetary (excl. gold ores and concentrates)	3,672	623	4,023	1,040	4,315	1,021
98 Combined confidential items of trade(d)(e)	787	108	775	74	760	69
<i>Total section 9(d)(e)</i>	<i>4,865</i>	<i>966</i>	<i>5,309</i>	<i>1,150</i>	<i>5,562</i>	<i>1,122</i>
Total	52,399	48,912	55,027	50,984	60,778	59,577

(a) Excludes export commodities subject to a confidentiality restriction. These are included in Division 98. (b) Excludes import commodities subject to a confidentiality restriction. These are included in Division 98. (c) Excludes some commodities subject to a 'No Commodity Details' restriction. (d) Includes export and import commodities subject to a confidentiality restriction. (e) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month which cannot be allocated to commodity classification codes.

Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (5410.0).

Merchandise exports and imports by industry of origin

The following two tables classify merchandise trade statistics according to divisions and selected subdivisions of the Australian

Standard Industrial Classification (ASIC). The statistics are compiled by allocating foreign trade data for a commodity to an ASIC industry of origin category based upon the industry with which that commodity is primarily associated.

26.18 MERCHANDISE EXPORTS BY INDUSTRY OF ORIGIN

Australian Standard Industrial Classification (ASIC) Division/subdivision	1990-91		1991-92		1992-93	
	\$ million	Per cent	\$ million	Per cent	\$ million	Per cent
Agriculture, forestry, fishing and hunting						
01 Agriculture	5,002	10	5,311	10	5,651	9
03 Forestry and logging	18	—	17	—	42	—
04 Fishing and hunting	170	—	274	—	348	1
<i>Total</i>	<i>5,190</i>	<i>10</i>	<i>5,601</i>	<i>10</i>	<i>6,042</i>	<i>10</i>
Mining						
11 Metallic minerals	4,925	9	4,998	9	5,061	8
12 Coal	6,372	12	6,858	12	7,542	12
13 Oil and gas	2,785	5	2,608	5	3,036	5
14 Construction materials	22	—	7	—	11	—
15 Other non-metallic minerals	164	—	161	—	211	—
<i>Total</i>	<i>14,268</i>	<i>27</i>	<i>14,632</i>	<i>27</i>	<i>15,860</i>	<i>26</i>

... continued

26.18 MERCHANDISE EXPORTS BY INDUSTRY OF ORIGIN — *continued*

Australian Standard Industrial Classification (ASIC) Division/subdivision	1990-91		1991-92		1992-93	
	\$ million	Per cent	\$ million	Per cent	\$ million	Per cent
Manufacturing						
21 Food, beverages and tobacco	7,324	14	7,902	14	9,149	15
23 Textiles	1,809	3	2,284	4	2,168	4
24 Clothing and footwear	160	—	192	—	249	—
25 Wood, wood products and furniture	503	1	552	1	586	1
26 Paper, paper products, printing and publishing	349	1	374	1	450	1
27 Chemical, petroleum and coal products	2,850	5	3,017	5	3,535	6
28 Non-metallic mineral products	146	—	221	—	249	—
29 Basic metal products	11,528	22	11,205	20	11,916	20
31 Fabricated metal products	671	1	818	1	768	1
32 Transport equipment	1,907	4	1,994	4	2,426	4
33 Other machinery and equipment	3,378	6	3,809	7	4,937	8
34 Miscellaneous manufacturing	809	2	962	2	1,015	2
Total	31,432	60	33,331	61	37,448	62
Other industries						
Wholesale, retail and service industries	74	—	96	—	89	—
Confidential items; Waste and scrap n.e.s.; Second hand goods n.e.s.; Special goods(a)	1,434	3	1,367	2	1,339	2
Total	1,508	3	1,463	3	1,428	2
Total exports	52,399	100	55,027	100	60,778	100

(a) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month which cannot be allocated to commodity classification codes.

Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (5410.0).

26.19 MERCHANDISE IMPORTS BY INDUSTRY OF ORIGIN

Australian Standard Industrial Classification (ASIC) Division/subdivision	1990-91		1991-92		1992-93	
	\$ million	Per cent	\$ million	Per cent	\$ million	Per cent
Agriculture, forestry, fishing and hunting						
01 Agriculture	519	1	541	1	546	1
03 Forestry and logging	3	—	3	—	4	—
04 Fishing and hunting	24	—	22	—	20	—
Total	546	1	565	1	570	1
Mining						
11 Metallic minerals	99	—	100	—	130	—
12 Coal	1	—	1	—	1	—
13 Oil and gas	1,510	3	1,587	3	2,279	4
14 Construction materials	13	—	13	—	13	—
15 Other non-metallic minerals	96	—	98	—	127	—
Total	1,720	4	1,798	4	2,551	4

... continued

26.19 MERCHANDISE IMPORTS BY INDUSTRY OF ORIGIN — continued

<i>Australian Standard Industrial Classification (ASIC) Division/subdivision</i>	<i>1990-91</i>		<i>1991-92</i>		<i>1992-93</i>	
	<i>\$ million</i>	<i>Per cent</i>	<i>\$ million</i>	<i>Per cent</i>	<i>\$ million</i>	<i>Per cent</i>
Manufacturing						
21 Food, beverages and tobacco	2,081	4	2,232	4	2,521	4
23 Textiles	2,127	4	2,205	4	2,356	4
24 Clothing and footwear	1,280	3	1,452	3	1,769	3
25 Wood, wood products and furniture	884	2	956	2	1,116	2
26 Paper, paper products, printing and publishing	2,065	4	2,289	4	2,401	4
27 Chemical, petroleum and coal products	6,336	13	6,276	12	7,684	13
28 Non-metallic mineral products	865	2	885	2	931	2
29 Basic metal products	1,968	4	2,343	5	2,561	4
31 Fabricated metal products	1,432	3	1,563	3	1,837	3
32 Transport equipment	8,021	16	7,944	16	9,159	15
33 Other machinery and equipment	15,947	33	16,763	33	20,019	34
34 Miscellaneous manufacturing	3,127	6	3,427	7	3,819	6
<i>Total</i>	<i>46,132</i>	<i>94</i>	<i>48,333</i>	<i>95</i>	<i>56,174</i>	<i>94</i>
Other industries						
Wholesale, retail and service industries	160	—	157	—	151	—
Confidential items; Waste and scrap n.e.s.; Second hand goods n.e.s.; Special goods	354	1	130	—	132	—
<i>Total</i>	<i>515</i>	<i>1</i>	<i>287</i>	<i>1</i>	<i>283</i>	<i>—</i>
Total imports	48,912	100	50,984	100	59,577	100

Source: Foreign Trade, Australia: Merchandise Exports and Imports, 1992-93 (\$410.0).

INTERNATIONAL TRADE IN SERVICES

As shown in table 26.1 the current account of Australia's balance of payments includes trade in services with the rest of the world.

For 1992-93, services trade accounted for exports of \$14,863 million and imports of \$17,648 million, 20 per cent and 23 per cent of all exports and imports of goods and services, respectively. Table 26.20 provides details of this trade in services.

26.20 INTERNATIONAL TRADE IN SERVICES
(\$ million)

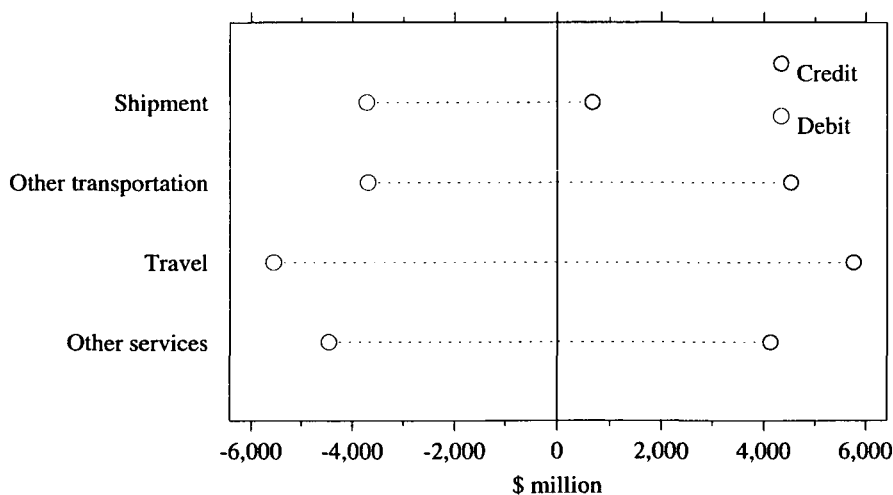
	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
CREDITS						
Shipment						
Freight on exports	506	502	498	559	557	602
Insurance on exports	9	11	12	12	12	12
<i>Total</i>	<i>515</i>	<i>513</i>	<i>510</i>	<i>571</i>	<i>569</i>	<i>614</i>
Other transportation						
Passenger services	1,348	1,422	1,363	1,594	1,782	2,141
Port services etc.	1,617	1,664	1,934	2,099	2,155	2,334
<i>Total</i>	<i>2,965</i>	<i>3,086</i>	<i>3,297</i>	<i>3,693</i>	<i>3,937</i>	<i>4,475</i>
Travel						
Student's expenditure	457	646	860	936	1,027	1,065
Other	3,108	3,684	3,508	4,047	4,410	4,642
<i>Total</i>	<i>,565</i>	<i>4,330</i>	<i>4,368</i>	<i>4,983</i>	<i>5,437</i>	<i>5,707</i>
Other services						
Official	200	249	270	299	246	262
Non-official						
Financial services	185	191	191	249	297	262
Insurance services						
n.e.c.	29	22	24	24	29	28
Other(a)	2,106	2,443	2,909	3,180	3,439	3,515
<i>Total</i>	<i>2,520</i>	<i>2,905</i>	<i>3,394</i>	<i>3,752</i>	<i>4,011</i>	<i>4,067</i>
Total	9,565	10,835	11,569	12,999	13,954	14,863
DEBITS						
Shipment						
Freight on imports	2,899	3,226	3,419	3,164	3,233	3,748
Insurance on imports	24	24	24	24	24	24
<i>Total</i>	<i>2,923</i>	<i>3,250</i>	<i>3,443</i>	<i>3,188</i>	<i>3,257</i>	<i>3,772</i>
Other transportation						
Passenger services	1,547	1,849	2,223	2,292	2,462	2,499
Port services n.e.c.	963	1,063	1,201	1,151	1,180	1,257
<i>Total</i>	<i>2,510</i>	<i>2,912</i>	<i>3,424</i>	<i>3,443</i>	<i>3,642</i>	<i>3,756</i>
Travel						
Student's expenditure	129	191	247	268	294	379
Other	3,620	4,172	4,888	4,962	4,828	5,220
<i>Total</i>	<i>3,749</i>	<i>4,363</i>	<i>5,135</i>	<i>5,230</i>	<i>5,122</i>	<i>5,599</i>
Other services						
Official	311	307	385	447	387	429
Non-official						
Financial services	163	193	137	241	193	151
Insurance services						
n.e.c.	288	357	360	378	379	382
Other(a)	2,489	2,695	3,488	3,581	3,771	3,559
<i>Total</i>	<i>3,251</i>	<i>3,552</i>	<i>4,370</i>	<i>4,647</i>	<i>4,730</i>	<i>4,521</i>
Total	12,433	14,077	16,372	16,508	16,751	17,648

For footnotes see end of table.

26.20 INTERNATIONAL TRADE IN SERVICES — continued
(\$ million)

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
BALANCE						
Shipment						
Freight	- 2,393	- 2,724	- 2,921	- 2,605	- 2,676	- 3,146
Insurance	- 15	- 13	- 12	- 12	- 12	- 12
Total	- 2,408	- 2,737	- 2,933	- 2,617	- 2,688	- 3,158
Other transportation						
Passenger services	- 199	- 427	- 860	- 698	- 680	- 358
Port services etc.	654	601	733	948	975	1,077
Total	455	174	- 127	250	295	719
Travel						
Student's expenditure	328	455	613	668	733	686
Other	- 512	- 488	- 1,380	- 915	- 418	- 578
Total	- 184	- 33	- 767	- 247	315	108
Other services						
Official	- 111	- 58	- 115	- 148	- 141	- 167
Non-official						
Financial services	22	- 2	54	8	104	111
Insurance services						
n.e.c.	- 259	- 335	- 335	- 354	- 350	- 354
Other(a)	- 383	- 252	- 579	- 401	- 332	- 44
Total	- 731	- 647	- 976	- 895	- 719	- 454
Total	- 2,868	- 3,243	- 4,803	- 3,509	- 2,797	- 2,785

(a) A dissection of this data is provided by the International Trade in Services Survey.

Source: *Balance of Payments, Australia, December Quarter 1993 (5302.0)*.**26.21 INTERNATIONAL TRADE IN SERVICES, BY COMPONENT, 1992-93**Source: *Balance of Payments, Australia, December Quarter 1993 (5302.0)*.

INTERNATIONAL INVESTMENT

Conceptual framework

International investment statistics provide information on the *levels* (stock) of Australia's foreign financial assets and liabilities, *capital transactions* (investment flows) which increase and decrease these assets and liabilities, *other changes* in the value of these assets and liabilities, and *income* receivable and payable on these assets and liabilities.

These statistics form an integral part of Australia's balance of payments as well as being useful in their own right, for example, in determining the impact of foreign investment policies and the level of Australia's foreign assets and liabilities, including foreign debt. They are also useful when analysing the behaviour of financial markets.

Market price is the principle method of valuation in international investment statistics. Capital transactions are recorded on a change of ownership basis, that is, at the time when the foreign financial asset or liability is acquired, sold, repaid or otherwise disposed of. By convention, this is taken to be the time at which the event is recorded in the books of the transactors. Investment income is generally recorded at the time it becomes due for payment.

Classification

The primary classification used in international investment statistics is the direction of investment. This classification refers to the basic distinction between inward and outward investment, that is, foreign investment in Australia or Australian investment abroad. Broadly, *foreign investment in Australia* refers to the stock of financial assets in Australia owned by non-residents and capital transactions which increase or decrease this stock. Conversely, *Australian investment abroad* refers to the stock of financial assets abroad owned by Australian residents and capital transactions which increase or decrease this stock.

International investment is undertaken by means of instruments of investment. Many types of instruments of investment can be

identified, but for analytical reasons and ease of reporting similar instruments are combined.

- *Equity* includes ordinary and preference shares, units in trusts and net equity in branches.
- *Borrowing* (foreign investment in Australia) or lending (Australian investment abroad) comprises deposits, loans, finance leases, bonds, bills, IMF credit and Bank of International Settlements placements.
- *Reserve Assets* includes monetary gold, Special Drawing Rights and reserve position in the IMF and foreign exchange held by the Reserve Bank of Australia.
- *Other investments* consist of amounts outstanding in respect of goods, services, interest, dividends, etc.
- *Reinvestment of earnings* of direct investors refers to income retained from after tax profits attributable to direct investors.

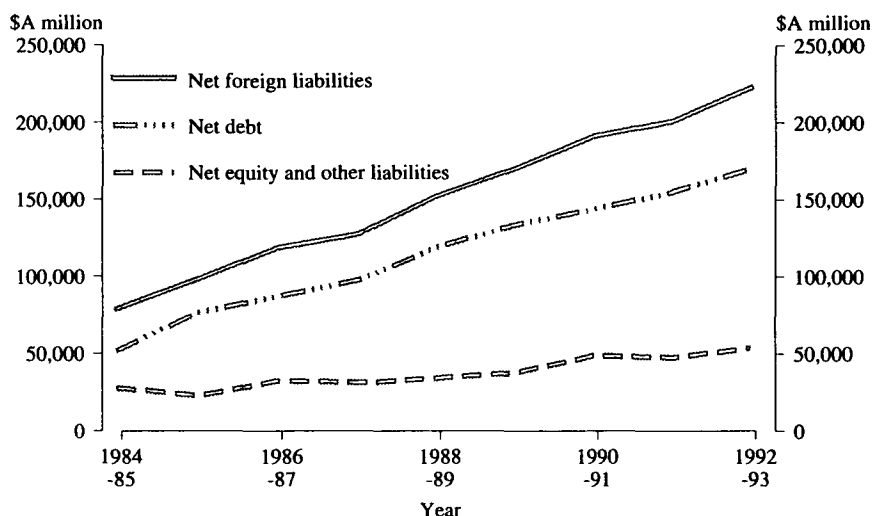
International investment position

Australia's net international investment position is the difference between the levels of Australia's foreign liabilities (foreign investment in Australia) and the levels of Australia's foreign financial assets (Australian investment abroad). Historically, Australia has had a net liabilities position with the rest of the world.

Table 26.23 shows a reconciliation between opening and closing levels for foreign investment in Australia, Australian investment abroad and Australia's net international investment position. The table also shows income payable on foreign investment in Australia, income receivable on Australian investment abroad and net income payable.

Australia's net foreign liabilities at 30 June 1993 totalled \$221,110 million, up 11 per cent on 30 June 1992. The rise in Australia's net foreign liabilities since 30 June 1992 was the net effect of rises of \$28,994 million in the level of foreign investment in Australia and \$7,420 million in the level of Australian investment abroad. Of the rise in the level of foreign investment in Australia, \$17,076 million (59%) was attributable to foreign borrowing.

26.22 NET INTERNATIONAL INVESTMENT POSITION AT END OF YEAR BY INSTRUMENT OF INVESTMENT



Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)*.

26.23 INTERNATIONAL INVESTMENT POSITION AND INCOME (\$ million)

Year	Levels of investment at beginning of year	Changes in levels of investment during the year					Total	Levels of investment at end of year	Investment income (a)	
		Reinvestment of earnings of direct investors	Other transactions	Exchange rate variations	Other changes					
FOREIGN INVESTMENT IN AUSTRALIA										
Equity										
1990-91	94,279	674	9,898	- 9	- 2,550	8,013	102,292	5,193		
1991-92	102,292	750	4,660	70	- 124	5,356	107,648	4,744		
1992-93	107,648	2,318	8,206	139	1,240	11,904	119,552	6,470		
Borrowing										
1990-91	163,137	—	12,132	2,387	1,168	15,687	178,824	14,886		
1991-92	178,824	—	9,428	4,806	- 2,651	11,584	(b)190,408	13,359		
1992-93	190,408	—	7,887	9,402	- 213	17,076	207,483	11,368		
Other investment										
1990-91	6,425	—	- 485	66	426	7	6,431	170		
1991-92	6,431	—	617	54	- 357	314	6,745	93		
1992-93	6,745	—	301	33	- 319	15	6,760	103		
Total										
1990-91	263,841	674	21,545	2,444	- 956	23,707	287,547	20,248		
1991-92	287,547	750	14,705	4,930	- 3,132	17,253	304,801	18,196		
1992-93	304,801	2,318	16,394	9,574	708	28,994	333,795	17,941		

For footnotes see end of table.

26.23 INTERNATIONAL INVESTMENT POSITION AND INCOME — *continued*
(\$ million)

Year	Levels of investment at beginning of year	Changes in levels of investment during the year				Total	Levels of investment at end of year	Investment income (a)
		Reinvestment of earnings of direct investors	Other transactions	Exchange rate variations	Other changes			
AUSTRALIAN INVESTMENT ABROAD								
Equity								
1990-91	56,411	205	-1,392	-149	-1,193	-2,530	53,881	817
1991-92	53,881	555	2,469	2,827	2,059	7,910	61,791	1,161
1992-93	61,791	1,930	1,238	2,194	-486	4,876	66,668	2,644
Reserve assets								
1990-91	21,871	..	1,446	631	99	2,176	24,047	1,573
1991-92	24,047	..	-3,929	2,287	-165	-1,807	22,240	1,654
1992-93	22,240	..	-3,950	1,706	827	-1,417	20,823	1,465
Lending								
1990-91	9,035	..	3,402	7	-138	3,270	12,305	658
1991-92	12,305	..	851	752	760	2,364	14,668	677
1992-93	14,668	..	2,433	1,022	-251	3,205	17,873	623
Other investment								
1990-91	7,857	..	156	-6	-343	-194	7,663	120
1991-92	7,663	..	-935	85	-248	-1,098	6,565	54
1992-93	6,565	..	165	169	422	756	7,321	21
Total								
1990-91	95,174	205	3,611	482	-1,575	2,722	97,896	3,168
1991-92	97,896	555	-1,543	5,950	2,406	7,369	105,265	3,545
1992-93	105,265	1,930	-113	5,091	512	7,420	112,685	4,753
NET INTERNATIONAL INVESTMENT POSITION(c)								
Net equity								
1990-91	37,868	470	11,291	141	-1,358	10,543	48,411	4,376
1991-92	48,411	195	2,191	-2,757	-2,183	-2,554	45,857	3,583
1992-93	45,857	388	6,968	-2,055	1,726	7,027	52,884	3,826
Net foreign debt(d)								
1990-91	132,231	..	7,284	1,749	1,207	10,241	142,472	12,655
1991-92	142,472	..	12,506	1,767	-3,246	(e)11,027	153,499	11,027
1992-93	153,499	..	9,403	6,674	-789	15,288	168,787	9,280
Other investment								
1990-91	-1,433	..	-641	72	769	201	-1,232	50
1991-92	-1,232	..	1,551	-30	-110	1,411	179	40
1992-93	179	..	135	-136	-740	-741	-562	82
Total								
1990-91	168,666	470	17,934	1,962	619	20,985	189,651	17,080
1991-92	189,651	195	16,249	-1,020	-5,539	9,885	199,536	14,650
1992-93	199,536	388	16,507	4,483	197	21,574	221,110	13,188

(a) Investment income is calculated before the deduction of withholding tax. Includes reinvested earnings of direct investors. (b) As a result of a change in the methodology used to value non-equity issued on foreign capital markets, levels of borrowing from 30 June 1992, are not strictly comparable with levels for earlier periods. The change in methodology accounts for - \$971 million of the amount shown as 'other changes' in 1991-92. (c) Australia's net international investment position equals foreign investment in Australia less Australian investment abroad. (d) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad. (e) As a result of a change in the methodology used to value non-equity securities issued on foreign capital markets, levels of net foreign debt for 30 June 1992 are not strictly comparable with levels for earlier periods. The change in methodology accounts for - \$973 million of the amount shown as 'other changes' in 1991-92.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)*.

Foreign debt

Foreign debt is a subset of financial obligations that comprise a country's international

investment position. The level of borrowing by Australian residents at a particular date can be equated with Australia's gross foreign debt. The level of Australian lending abroad and

official reserve assets at the same date are deducted from the level of borrowing to arrive at Australia's net foreign debt.

As table 26.24 shows, the level of net foreign debt at 30 June 1993 was \$168,787 million, up 10 per cent on 30 June 1992. Capital transactions added \$9,403 million to the level of net foreign debt, while exchange rate variations added \$6,674 million and other factors reduced the level by \$789 million.

Table 26.24 shows that net foreign debt of the public sector (official sector plus public trading and financial enterprises) rose by 35 per cent during 1992-93, reaching \$63,776 million at 30 June 1993 and accounting for 38 per cent of total net foreign debt at that date. Net foreign debt of the private sector decreased by one per cent to \$105,011 million. The increase in total net foreign debt was attributable to the official sector and financial enterprises, with trading enterprises recording a small decrease.

26.24 LEVELS OF FOREIGN DEBT
(\$ million)

	At 30 June					
	1988	1989	1990	1991	1992	1993
FOREIGN BORROWING (GROSS DEBT)(a)						
Official						
Commonwealth government and Reserve Bank	22,909	18,607	19,654	16,530	15,327	19,815
State government	10,219	18,230	19,788	24,435	28,425	37,963
<i>Total official</i>	<i>33,128</i>	<i>36,837</i>	<i>39,443</i>	<i>40,966</i>	<i>43,752</i>	<i>57,778</i>
Non-official						
Financial enterprises						
Public sector	10,997	16,771	20,489	20,408	21,300	23,262
Private sector	25,303	33,421	41,281	53,110	63,494	64,368
<i>Total</i>	<i>36,300</i>	<i>50,192</i>	<i>61,770</i>	<i>73,518</i>	<i>84,794</i>	<i>87,630</i>
Trading enterprises						
Public sector	12,739	11,439	12,301	13,331	12,522	11,708
Private sector	40,954	48,671	49,623	51,010	49,340	50,367
<i>Total</i>	<i>53,693</i>	<i>60,110</i>	<i>61,924</i>	<i>64,340</i>	<i>61,862</i>	<i>62,075</i>
<i>Total non-official</i>	<i>89,993</i>	<i>110,302</i>	<i>123,694</i>	<i>137,858</i>	<i>146,656</i>	<i>149,705</i>
Total	123,122	147,139	163,137	178,824	190,408	207,483
of which						
Public sector						
Official	33,128	36,837	39,443	40,966	43,752	57,778
Non-official	23,736	28,210	32,790	33,739	33,821	34,970
<i>Total</i>	<i>56,865</i>	<i>65,047</i>	<i>72,233</i>	<i>74,704</i>	<i>77,573</i>	<i>92,748</i>
Private sector	66,257	82,092	90,904	104,119	112,834	114,735
AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS						
Official						
Reserve assets	20,182	20,410	21,871	24,047	22,240	20,823
Lending	448	677	770	452	175	140
<i>Total official</i>	<i>20,630</i>	<i>21,087</i>	<i>22,641</i>	<i>24,499</i>	<i>22,415</i>	<i>20,963</i>
Non-official						
Financial enterprises	5,229	7,983	10,895	11,144	13,638	15,626
Trading enterprises	1,014	377	-2,630	709	855	2,107
<i>Total non-official</i>	<i>6,244</i>	<i>8,361</i>	<i>8,265</i>	<i>11,853</i>	<i>14,494</i>	<i>17,733</i>
Total	26,873	29,448	30,906	36,352	36,908	38,696
of which						
Public sector						
Official	20,630	21,087	22,641	24,499	22,415	20,963
Non-official	2,333	4,685	5,925	5,494	7,963	8,009
<i>Total</i>	<i>22,962</i>	<i>25,772</i>	<i>28,566</i>	<i>29,993</i>	<i>30,377</i>	<i>28,972</i>
Private sector	3,911	3,676	2,340	6,359	6,531	9,724

For footnotes see end of table.

26.24 LEVELS OF FOREIGN DEBT — *continued*
(\$ million)

	At 30 June					
	1988	1989	1990	1991	1992	1993
NET FOREIGN DEBT(a)(b)						
Official	12,499	15,750	16,802	16,467	21,337	36,815
Non-official						
Financial enterprises	31,071	42,209	50,875	62,373	71,156	72,004
Trading enterprises	52,679	59,732	64,554	63,632	61,007	59,968
Total non-official	83,750	101,941	115,430	126,005	132,162	131,972
Total	96,248	117,691	132,231	142,472	153,499	168,787
of which						
Public sector						
Official	12,499	15,750	16,802	16,467	21,337	36,815
Non-official	21,403	23,525	26,865	28,245	25,859	26,961
Total	33,902	39,275	43,666	44,712	47,196	63,776
Private sector	62,346	78,416	88,565	97,760	106,303	105,011

(a) As a result of a change in the methodology used to value non-equity securities issued on foreign capital markets, levels from 30 June 1992 are not strictly comparable with levels for earlier periods. (b) Foreign borrowings by Australian residents less the sum of Australian lending abroad and reserve assets.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)* and *International Investment Position, Australia, 1992-93 (5305.0)*.

International investment ratios

Table 26.25 shows that, at 30 June 1993, the ratio of Australia's net foreign liabilities to GDP was 55 per cent. This was the highest financial year result for this ratio on record. The ratio of net foreign debt to GDP was 42 per cent, again the highest financial year result on record, with net equity and other investment accounting for the remaining 13 per cent. This growth in Australia's net foreign liabilities as a proportion of GDP largely reflected the continuing high balance of payments current account deficits over the decade.

As shown in table 26.27, the ratio of net investment income payable abroad to exports

of goods and services was 18 per cent in 1992-93, a decrease of four percentage points over the previous year. This is due to a decrease of \$1,462 million (10%) in net investment income payable abroad and an increase of \$6,050 million (9%) in exports of goods and services in 1992-93.

The net debt service ratio, that is, net interest payable abroad on net foreign debt as a percentage of exports of goods and services, fell four percentage points to 12 per cent in 1992-93. The ratio of net investment income payable on equity and other foreign investment to exports of goods and services remained the same over the year at five per cent.

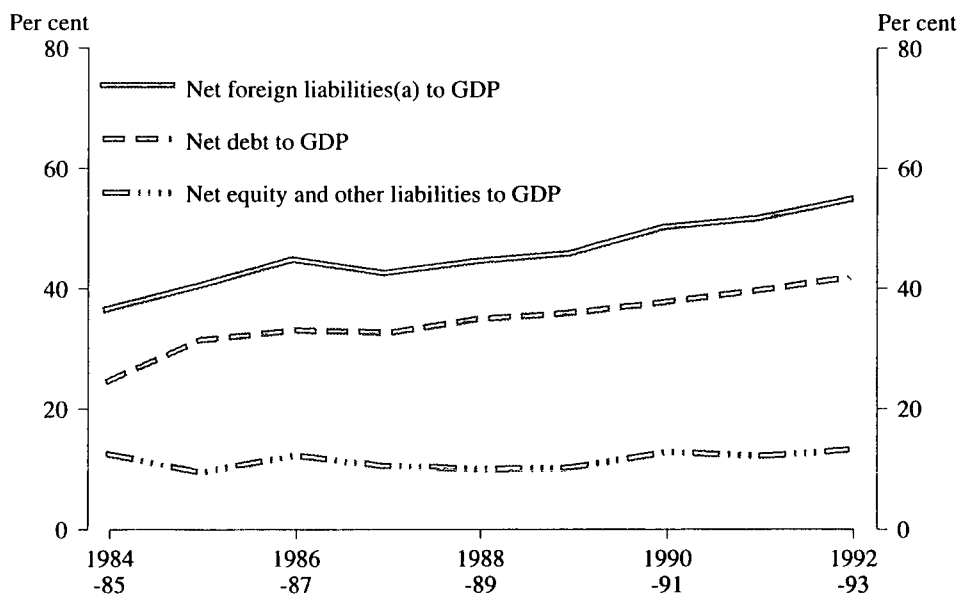
26.25 NET FOREIGN LIABILITIES: RATIOS TO GDP

Year	Annual GDP at current cost	Net foreign liabilities at end of period (\$ million)			Ratios of net foreign liabilities to GDP(a) (%)		
		Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment	Total
1987-88	298,994	96,248	29,925	126,173	32.2	10.0	42.2
1988-89	340,642	117,691	32,818	150,509	34.5	9.6	44.2
1989-90	370,929	132,231	36,435	168,666	35.6	9.8	45.6
1990-91	381,120	142,472	47,179	189,651	37.4	12.4	49.8
1991-92	389,247	153,499	46,036	199,536	39.4	11.8	51.3
1992-93	405,805	168,787	52,322	221,110	41.6	12.9	54.5

(a) These ratios are derived by expressing net foreign liabilities at end of year as a percentage of GDP for that year.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)* and *International Investment Position, Australia, 1992-93 (5305.0)*.

26.26 RATIO OF NET FOREIGN LIABILITIES TO GROSS DOMESTIC PRODUCT (GDP)



(a) Net international investment position.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)*.

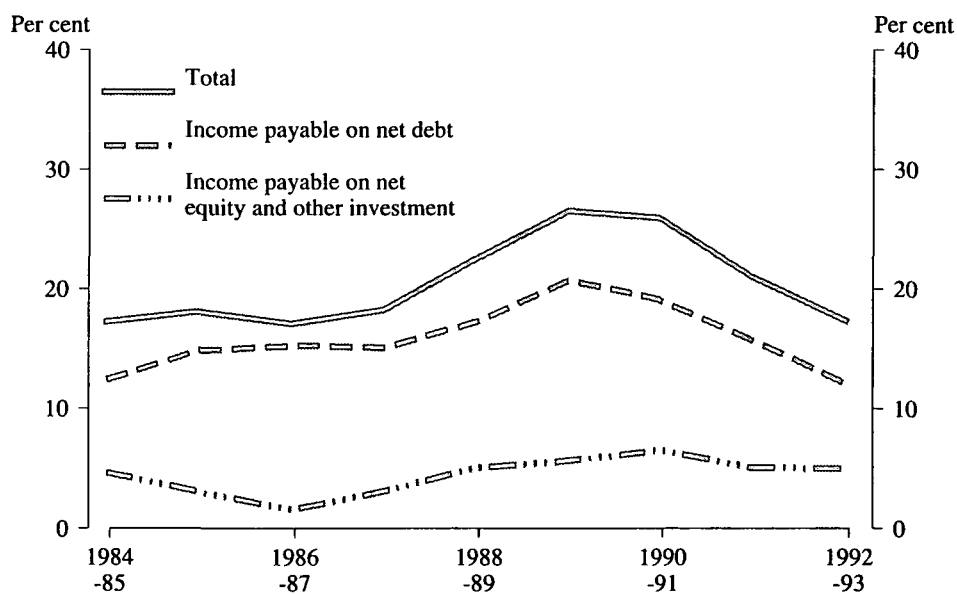
26.27 NET INVESTMENT INCOME: RATIOS TO EXPORTS

Year	Exports of goods & services	Net investment income payable abroad (\$ million)			Ratios of net investment income to exports(a) (%)		
		Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment	Total
1987-88	51,080	7,793	1,674	9,467	15.3	3.3	18.5
1988-89	54,728	9,592	2,904	12,496	17.5	5.3	22.8
1989-90	60,133	12,610	3,521	16,131	21.0	5.9	26.8
1990-91	65,154	12,655	4,426	17,080	19.4	6.8	26.2
1991-92	68,828	11,027	3,623	14,650	16.0	5.3	21.3
1992-93	74,878	9,280	3,908	13,188	12.4	5.2	17.6

(a) These ratios are derived by expressing net investment income payable as a percentage of exports of goods and services.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)* and *International Investment Position, Australia, 1992-93 (5305.0)*.

26.28 RATIO OF NET INVESTMENT INCOME TO EXPORTS(a)



(a) Net investment income payable abroad as a percentage of Australia's exports of goods and services.

Source: *International Investment Position, Australia, December Quarter 1993 (5306.0)*.

International investment by country

Tables 26.29 and 26.30 show the countries investing in Australia or receiving investment from Australia. The classification is based upon the country of residence of the foreign creditor or debtor holding Australia's liabilities or financial assets. It does not necessarily reflect either the country of ultimate beneficial ownership of the investment, the country of immediate source of funds or the country to which amounts borrowed will in fact be repaid.

The USA, for the third consecutive year, was the main source of the net inflow of foreign investment into Australia in 1992-93, accounting for \$10,324 million, followed by borrowings raised on international capital markets (for example, Euro-bonds and similar issues) which accounted for \$6,381 million, an increase of \$1,750 million (38%) over the previous year. The inflow of investment from the United Kingdom into Australia increased during 1992-93, rising from \$1,875 million to

\$3,663 million. Japan, for the second consecutive year, withdrew investment from Australia. The net outflow due to this withdrawal increased from \$220 million in 1991-92 to \$3,219 million during 1992-93.

At 30 June 1993, the USA was the leading investor country with \$75,303 million (23%) of the total stock of foreign investment in Australia, followed by the United Kingdom with \$60,215 million, international capital markets with \$55,649 million and Japan with \$51,204 million.

Of the net outflow of investment by Australian residents that can be allocated by country, the major recipient in 1992-93 was New Zealand, with \$1,166 million or 64 per cent of the total outflow.

At 30 June 1993, Australian investment abroad was most substantial in the USA, with a level of \$29,055 million (26%), followed by the United Kingdom with \$18,464 million and New Zealand with \$8,159 million.

26.29 FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY
(\$ million)

<i>Country of investor</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
CAPITAL TRANSACTIONS						
OECD						
USA	668	6,374	1,903	7,554	5,276	10,324
Japan	7,362	7,944	7,799	2,131	- 220	- 3,219
Switzerland	653	383	485	- 936	- 237	23
EC						
UK	6,113	2,649	113	5,226	1,875	3,663
Other(a)	1,154	2,480	690	- 636	- 839	711
Total EC	7,266	5,129	803	4,591	1,036	4,373
Other OECD	1,847	779	175	1,988	380	761
Total OECD	17,797	20,610	11,164	15,327	6,234	12,263
ASEAN	108	- 996	645	- 1,084	635	- 1,252
Other countries(b)	1,994	2,282	658	1,834	2,230	1,606
International capital markets	5,438	7,957	10,242	3,086	4,631	6,381
International institutions	- 71	- 259	- 30	757	82	- 954
Unallocated	2,910	3,209	2,060	2,298	1,642	668
Total	28,176	32,803	24,738	22,219	15,456	18,711

For footnotes see end of table.

26.29 FOREIGN INVESTMENT IN AUSTRALIA, BY COUNTRY — *continued*
(\$ million)

<i>Country of investor</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
INVESTMENT INCOME						
OECD						
USA	3,603	3,509	4,359	4,018	3,256	5,065
Japan	1,861	2,670	3,686	3,201	2,925	2,263
Switzerland	368	479	541	479	406	478
EC						
UK	2,272	3,382	3,287	3,026	2,719	3,153
Other(a)	1,254	1,325	1,430	998	948	1,083
<i>Total EC</i>	<i>3,526</i>	<i>4,708</i>	<i>4,717</i>	<i>4,024</i>	<i>3,667</i>	<i>4,236</i>
Other OECD	362	182	373	150	74	549
<i>Total OECD</i>	<i>9,719</i>	<i>11,547</i>	<i>13,676</i>	<i>11,872</i>	<i>10,329</i>	<i>12,591</i>
ASEAN	480	652	690	545	356	351
Other countries(b)	333	730	635	998	787	925
International capital markets	1,565	2,538	4,003	4,885	4,498	3,221
International institutions	22	18	34	39	25	40
Unallocated	982	923	1,020	1,909	2,201	813
Total	13,101	16,407	20,059	20,248	18,196	17,941
LEVELS OF INVESTMENT AT 30 JUNE						
OECD						
USA	40,572	47,838	47,460	55,652	59,425	75,303
Japan	29,849	39,152	48,115	51,008	52,047	51,204
Switzerland	7,403	7,129	7,530	7,234	6,601	8,098
EC						
UK	44,257	48,511	47,522	50,949	55,908	60,215
Other(a)	18,792	20,266	22,141	21,282	21,859	22,421
<i>Total EC</i>	<i>63,049</i>	<i>68,778</i>	<i>69,662</i>	<i>72,232</i>	<i>77,767</i>	<i>82,636</i>
Other OECD	8,487	11,222	9,775	12,235	11,973	11,196
<i>Total OECD</i>	<i>149,359</i>	<i>174,120</i>	<i>182,541</i>	<i>198,361</i>	<i>207,813</i>	<i>228,437</i>
ASEAN	8,203	7,445	7,723	6,701	8,002	7,366
Other countries(b)	8,245	11,318	11,805	13,295	15,953	23,620
International capital markets	26,357	34,883	46,482	50,066	52,796	55,649
International institutions	239	287	257	1,014	1,097	142
Unallocated	8,388	11,902	15,032	18,111	19,140	18,580
Total	200,792	239,955	263,841	287,547	304,801	333,795

(a) From 1990-91 includes the former Federal Republic of Germany. Prior to 1990-91, the German Democratic Republic is included in 'other countries'. (b) Includes the former German Democratic Republic up to 1989-90. From 1990-91 the former German Democratic Republic is included in 'EC-Other'.

Source: *International Investment Position, Australia, December Quarter 1993* (5306.0).

26.30 AUSTRALIAN INVESTMENT ABROAD, BY COUNTRY
(\$ million)

<i>Country of investment</i>	<i>1987-88</i>	<i>1988-89</i>	<i>1989-90</i>	<i>1990-91</i>	<i>1991-92</i>	<i>1992-93</i>
CAPITAL TRANSACTIONS						
OECD						
USA	2,471	5,964	2,136	246	- 380	15
New Zealand	1,494	648	1,625	349	- 333	1,166
UK	5,108	2,056	1,266	1,580	- 166	659
Other OECD(a)(b)	2,661	2,332	899	5,986	- 2,018	- 2,458
<i>Total OECD</i>	<i>11,734</i>	<i>10,999</i>	<i>5,926</i>	<i>8,160</i>	<i>- 2,897</i>	<i>- 618</i>
ASEAN	- 109	801	752	- 282	307	520
Papua New Guinea	404	178	157	129	137	175
Other countries(c)	2,413	- 565	- 403	- 4,095	1,621	1,534
Reserve Bank gold(d)	—	—	—	—	—	- 19
Unallocated	1,832	1,315	- 1,018	- 98	- 156	226
Total	16,274	12,728	5,415	3,815	- 988	1,817
INVESTMENT INCOME						
OECD						
USA	686	1,159	1,952	1,259	860	1,595
New Zealand	326	307	338	237	305	249
UK	676	710	- 95	10	602	759
Other OECD(a)(b)	641	691	319	1,069	986	1,308
<i>Total OECD</i>	<i>2,330</i>	<i>2,868</i>	<i>2,514</i>	<i>2,575</i>	<i>2,753</i>	<i>3,910</i>
ASEAN	113	139	217	121	106	214
Papua New Guinea	3	81	- 10	207	226	236
Other countries(c)	1,044	571	906	69	116	300
Unallocated	145	253	300	195	345	92
Total	3,634	3,911	3,928	3,168	3,545	4,753
LEVELS OF INVESTMENT AT 30 JUNE						
OECD						
USA	20,808	25,976	26,520	25,981	27,409	29,055
New Zealand	5,107	5,230	6,498	7,122	7,271	8,159
UK	13,032	15,461	17,865	18,263	20,563	18,464
Other OECD(a)(b)	13,804	18,753	19,829	25,875	25,362	26,198
<i>Total OECD</i>	<i>53,751</i>	<i>65,420</i>	<i>70,712</i>	<i>77,242</i>	<i>80,604</i>	<i>81,877</i>
ASEAN	1,542	3,088	4,380	3,952	4,644	5,238
Papua New Guinea	1,725	1,494	1,620	1,693	1,908	2,293
Other countries(c)	10,691	10,736	10,221	6,472	7,902	10,294
Reserve Bank gold(d)	4,509	3,861	3,541	3,804	3,639	4,448
Unallocated	2,402	4,847	4,700	4,735	6,567	8,534
Total	74,619	89,446	95,174	97,896	105,265	112,685

(a) The foreign exchange part of reserve assets, with the exception of those held in the USA, are not available by country and are therefore included in 'Other OECD'. (b) From 1990-91 includes the former Federal Republic of Germany and Germany, Democratic Republic. Prior to 1990-91 Germany, Democratic Republic is included in 'Other countries'. (c) Includes the former Germany, Democratic Republic up to 1989-90. From 1990-91 the former Germany, Democratic Republic is included in 'Other OECD'. (d) Gold held by the Reserve Bank as part of reserve assets which cannot be allocated by country.

Source: *International Investment Position, Australia, 1992-93* (5305.0).

International investment by industry

The industry classification used in Australian international investment statistics is based upon

the Australian Standard Industrial Classification (ASIC), 1983 edition. For both foreign investment in Australia and Australian investment abroad, investment is classified by

the industry of the enterprise group receiving that investment. Industry statistics should be treated with some caution as they do not necessarily reflect the industry in which the funds are ultimately employed.

In 1992-93, the *Finance, property and business services* industry group, which includes banks, received an inflow of foreign investment of \$9,958 million, or 53 per cent, of the total, followed by *Manufacturing*

(\$4,131 million) and *Public administration and defence* (\$3,536 million).

At 30 June 1993, the level of foreign investment was highest in the *Finance, property and business services* category, with \$164,461 million (49%). This was followed by *Manufacturing*, \$58,859 million (18%); *Mining*, \$32,830 million (10%); and *Wholesale and retail trade*, \$30,917 million (9%).

26.31 FOREIGN INVESTMENT IN AUSTRALIA, BY INDUSTRY(a)
(\$ million)

Industry of investment (ASIC division/subdivision)		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
CAPITAL TRANSACTIONS							
B	Mining						
	12,13 Coal, oil and gas	1,106	1,026	1,469	482	- 94	- 737
	11,14,15 Other mining	839	617	- 73	1,639	119	632
	16 Services to mining (incl. exploration)	353	31	65	- 155	- 197	- 469
	<i>Total mining</i>	<i>2,298</i>	<i>1,674</i>	<i>1,461</i>	<i>1,966</i>	<i>- 173</i>	<i>- 573</i>
C	Manufacturing						
	21 Food, beverages and tobacco	1,822	1,592	8	1,885	1,268	1,213
	23 Textiles	- 30	8	22	- 82	56	39
	24 Clothing and footwear	- 10	62	31	—	- 4	- 3
	25 Wood products and furniture	- 73	- 18	2	- 10	43	- 32
	26 Paper products and publishing	776	802	670	7	- 138	1,575
	27 Chemicals, petroleum and coal products	161	383	307	375	- 14	362
	28 Non-metallic mineral products	- 409	402	- 77	- 91	- 78	32
	29 Basic metal products	551	539	- 555	- 345	907	343
	31 Fabricated metal products	95	- 138	279	285	45	63
	32 Transport equipment	250	436	- 59	- 325	- 139	90
	33 Other machinery and equipment	125	- 1	92	12	103	38
	34 Miscellaneous manufacturing	635	1,119	1,343	373	52	411
	<i>Total manufacturing</i>	<i>3,895</i>	<i>5,187</i>	<i>2,063</i>	<i>2,084</i>	<i>2,101</i>	<i>4,131</i>
Other industries							
A	Agriculture, forestry, fishing and hunting	- 122	120	143	375	- 225	95
D	Electricity, gas and water	- 105	- 1,797	146	- 123	- 774	- 699
E	Construction	- 57	- 345	- 46	70	440	219
F	Wholesale and retail trade	1,678	2,009	1,370	2,265	2,020	1,015
G	Transport and storage	155	1,312	723	928	- 522	- 244
I	Finance, property and business services(b)	19,608	26,935	16,566	18,046	13,054	9,958
I	Public administration, and defence(c)	- 8	- 4,770	687	- 3,183	- 1,946	3,536
H,K,L	Other industries(d)	517	950	352	409	91	517
M	Unallocated	318	1,527	1,274	- 621	1,391	758
	<i>Total other industries</i>	<i>21,983</i>	<i>25,941</i>	<i>21,214</i>	<i>18,167</i>	<i>13,528</i>	<i>15,156</i>
Total		28,176	32,803	24,738	22,217	15,456	18,714

For footnotes see end of table.

26.31 FOREIGN INVESTMENT IN AUSTRALIA, BY INDUSTRY(a) — continued
(\$ million)

Industry of investment (ASIC division/subdivision)		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
INVESTMENT INCOME							
B	Mining						
12,13	Coal, oil and gas	749	562	1,095	1,173	1,000	1,421
11,14,15	Other mining	464	808	764	1,163	743	449
16	Services to mining (incl. exploration)	97	- 17	86	12	28	27
	<i>Total mining</i>	<i>1,309</i>	<i>1,352</i>	<i>1,945</i>	<i>2,347</i>	<i>1,771</i>	<i>1,896</i>
C	Manufacturing						
21	Food, beverages and tobacco	833	927	779	823	876	881
23	Textiles	33	26	56	12	26	22
24	Clothing and footwear	10	15	12	24	2	20
25	Wood products and furniture	20	12	10	6	6	4
26	Paper products and publishing	77	99	311	292	511	681
27	Chemicals, petroleum and coal products	332	483	423	251	242	392
28	Non-metallic mineral products	77	68	46	- 34	16	43
29	Basic metal products	947	1,012	1,233	987	593	359
31	Fabricated metal products	57	66	56	50	37	50
32	Transport equipment	33	233	84	- 408	- 286	239
33	Other machinery and equipment	254	292	251	229	199	284
34	Miscellaneous manufacturing	159	445	568	339	326	587
	<i>Total manufacturing</i>	<i>2,832</i>	<i>3,680</i>	<i>3,828</i>	<i>2,570</i>	<i>2,548</i>	<i>3,563</i>
Other industries							
A	Agriculture, forestry, fishing and hunting	10	53	9	65	20	7
D	Electricity, gas and water	452	436	295	317	277	224
E	Construction	119	74	47	6	66	6
F	Wholesale and retail trade	1,147	1,971	2,097	1,382	617	1,243
G	Transport and storage	420	595	815	763	663	658
I	Finance, property and business services(b)	3,913	4,902	6,947	9,401	9,408	8,114
J	Public administration, and defence(c)	2,251	2,409	2,619	1,928	1,631	1,382
H,K,L	Other industries(d)	104	114	76	109	174	- 99
M	Unallocated	544	822	1,382	1,358	1,020	950
	<i>Total other industries</i>	<i>8,960</i>	<i>11,375</i>	<i>14,287</i>	<i>15,330</i>	<i>13,876</i>	<i>12,484</i>
Total		13,101	16,407	20,059	20,247	18,195	17,943
LEVELS OF INVESTMENT AT 30 JUNE							
B	Mining						
12,13	Coal, oil and gas	8,570	9,714	11,422	11,962	11,963	11,706
11,14,15	Other mining	13,126	14,358	13,035	12,833	14,106	15,983
16	Services to mining (incl. exploration)	4,142	3,763	4,224	4,266	3,980	5,141
	<i>Total mining</i>	<i>25,838</i>	<i>27,836</i>	<i>28,681</i>	<i>29,062</i>	<i>30,050</i>	<i>32,830</i>
C	Manufacturing						
21	Food, beverages and tobacco	9,722	12,316	12,792	14,448	13,731	14,534
23	Textiles	383	553	432	365	419	408
24	Clothing and footwear	85	211	112	135	80	189
25	Wood products and furniture	81	56	73	61	99	65
26	Paper products and publishing	2,500	3,696	4,156	3,765	4,115	8,511
27	Chemicals, petroleum and coal products	4,721	5,302	5,374	4,994	5,227	6,228
28	Non-metallic mineral products	643	1,138	959	1,035	909	816
29	Basic metal products	10,417	11,242	10,625	11,263	12,581	13,764
31	Fabricated metal products	979	843	1,180	1,415	1,254	1,254
32	Transport equipment	2,198	2,335	2,406	2,533	2,877	2,672
33	Other machinery and equipment	2,868	2,917	2,632	2,726	2,560	2,816
34	Miscellaneous manufacturing	4,042	5,851	7,749	7,270	7,499	7,602
	<i>Total manufacturing</i>	<i>38,640</i>	<i>46,458</i>	<i>48,490</i>	<i>50,011</i>	<i>51,352</i>	<i>58,859</i>

For footnotes see end of table.

26.31 FOREIGN INVESTMENT IN AUSTRALIA, BY INDUSTRY(a) — continued
(\$ million)

Industry of investment (ASIC division/subdivision)	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Other industries						
A Agriculture, forestry, fishing and hunting	541	1,312	1,335	2,396	1,662	1,946
D Electricity, gas and water	7,267	5,071	5,290	5,317	4,775	4,363
E Construction	1,655	1,527	1,608	1,944	2,439	2,665
F Wholesale and retail trade	20,059	23,731	24,712	28,444	30,699	30,917
G Transport and storage	6,029	7,490	7,987	9,089	8,943	8,803
I Finance, property and business services(b)	70,694	100,412	116,788	137,902	150,750	164,461
J Public administration, and defence(c)	23,131	18,720	19,579	16,471	15,217	19,632
H,K,L Other industries(d)	2,372	3,281	3,292	4,122	5,011	5,520
M Unallocated(e)	4,568	4,119	6,078	2,791	3,903	3,799
<i>Total other industries</i>	<i>136,314</i>	<i>165,661</i>	<i>186,669</i>	<i>208,475</i>	<i>223,398</i>	<i>242,106</i>
Total	200,792	239,955	263,841	287,547	304,801	333,795

(a) The industry categories shown are based on the 1983 edition of ASIC and relate to the predominant activity of the enterprise group receiving the investment funds. This is not necessarily the industry of the end use of the funds. (b) Includes the Reserve Bank and the State government components of General government. (c) Includes the Commonwealth government components of general government. (d) Consists of: Division H — Communications; Division K — Community services; and Division L — Recreation, personal and other services. (e) Details of accounts payable/prepayments received, a component of portfolio and other investment, are not classified by industry prior to 1988-89 and are therefore included in 'Other industries'.

Source: *International Investment Position, Australia, 1992-93* (5305.0).

FOREIGN OWNERSHIP IN AUSTRALIA

Table 26.32 contains estimates of foreign ownership of Australian equity.

Of the total equity on issue by Australian enterprise groups at 31 December 1993, non-residents held equity valued at \$145.4 billion (32%) and residents held \$310 billion (68%).

When analysed by sector, it can be seen that equity held by non-residents in private corporate trading enterprises rose from 38 per cent at 30 June 1990 to 41 per cent at 30 June 1991. It has varied between 39 and 41 per cent since then, with 39 per cent being recorded at 31 December 1993.

The value of non-residents' equity in banks has risen steadily over the period since 1989-90. However, as a proportion of the total equity issued by banks, a decrease is observed from 24 per cent at 30 September 1992 to 17 per cent at 31 December 1993.

Non-resident equity holdings in non-bank deposit-taking institutions rose as a proportion of the amount on issue from 17 per cent at 30 June 1990 to 23 per cent at 30 June 1991. This was partly due to the decrease in the level of equity on issue by these institutions. This fall may have reflected structural changes

whereby enterprises formerly belonging to this sector became banks. The level of equity and the proportion of that amount on issue held by non-residents has increased steadily since 30 June 1992. The proportion held by non-residents was 27 per cent at 31 December 1993.

The other financial institutions sector is largely comprised of general insurers. Foreign ownership of equity in these institutions remained between 15 and 16 per cent over the period 30 June 1990 to 30 June 1992 but subsequently decreased, reaching 10 per cent at 31 December 1993.

It should be noted that there are some problems with the data which may impact on the accuracy of the analysis. The estimated market value of equity, as shown in table 26.32, is considered to be of poor quality for some sectors. In particular, estimates of the market value of the amount issued by private corporate trading enterprises are considered poor because they are largely built up from counterpart and other information obtained from ABS Surveys of Foreign Investment and Balance Sheet Information. This sector covers equity issued by both listed and unlisted private corporate trading enterprises, of which there are over half a million.

These problems aside, it should also be noted that it is possible to supplement the

information on foreign ownership derived from the financial accounts by making use of the comprehensive information about the rest of the world sector from the international investment database. This is described in the article *Foreign Ownership of Equity in*

Australian Enterprise Groups published in the March quarter 1994 issue of *International Investment Position, Australia* (5306.0). The article includes a regional analysis and an analysis by degree of foreign influence.

26.32 OWNERSHIP OF EQUITY(a) IN AUSTRALIAN ENTERPRISE GROUPS
(\$ billion)

	Value of equity outstanding at end of period								
	1989	1990	1991	1992-93				1993-94	
	-90	-91	-92	Sept.	Dec.	Mar.	June	Sept.	Dec.
ALL SECTORS									
Amount issued	305.1	315.6	337.5	323.6	339.5	362.5	377.4	413.8	455.4
Amount held by rest of world	94.3	102.3	107.6	106.1	109.0	113.7	119.6	132.9	145.4
Percentage of foreign ownership	31	32	32	33	32	31	32	32	32
SELECTED SUB-SECTORS(b)									
Private corporate trading enterprises									
Amount issued(c)	212.3	213.1	235.5	222.2	233.2	248.8	258.1	290.2	323.2
Amount held by rest of the world	81.6	87.7	92.0	89.9	92.9	97.0	101.9	115.7	127.1
Percentage foreign ownership	38	41	39	40	40	39	39	40	39
Banks									
Amount issued(c)	31.9	35.2	36.1	35.2	35.5	40.2	43.6	49.3	52.8
Amount held by rest of the world	5.8	7.1	7.6	8.3	8.2	8.3	8.9	8.7	9.2
Percentage foreign ownership	18	20	21	24	23	21	20	18	17
Non-bank deposit taking institutions									
Amount issued(c)	13.4	11.5	12.4	13.2	14.1	14.0	14.5	13.9	14.2
Amount held by rest of the world	2.3	2.7	2.8	2.9	3.2	3.3	3.5	3.5	3.8
Percentage foreign ownership	17	23	23	22	23	24	24	25	27
Other financial institutions(d)									
Amount issued(c)	18.5	19.7	22.9	22.5	24.4	26.1	28.0	31.3	35.7
Amount held by rest of the world	3.0	3.1	3.4	3.2	2.8	3.1	3.2	3.2	3.4
Percentage foreign ownership	16	16	15	14	11	12	11	10	10

(a) Includes units in trusts. (b) Not all sub-sectors have been shown. In particular, data for Life Offices and Superannuation Funds are not shown due to unresolved measurement and conceptual issues. Data for General Government, Reserve Bank and Public Trading Enterprises are also not shown as there is no foreign ownership in these sub-sectors. (c) These estimated market values are considered to be of poor quality. They should be used cautiously. (d) Excludes Life Offices and Superannuation Funds. See footnote (b).

Source: Australian National Accounts, Financial Accounts, December Quarter 1993 (5232.0).

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International Trade in Services, Australia (5354.0)

Other Publications

- Related publications are available from Australian Customs Service —
Australian Customs Tariff
Customs (Prohibited Imports) Regulations

FOR MORE INFORMATION

The ABS has a far wider range of information on Australia than that contained in the *Year Book*. Information is available in the form of regular publications, electronic data services, special tables and from investigations of published and unpublished data.

For further information contact ABS Information Services at one of the addresses listed on the page facing the Introduction to the *Year Book*.