

# International accounts and trade

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# International accounts and trade

## Balance of payments

**T**he 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 following tables, 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 1994-95 was a deficit of \$26,855 million, an increase of \$10,014 million (or 59%) on the deficit recorded for 1993-94. The increase in the deficit in 1994-95 was due to an increase of \$7,652 million in the merchandise trade deficit and an increase of \$2,713 million in the net income deficit. These movements in merchandise trade and net income were partly offset by an increase of \$291 million in the net unrequited surplus and a decrease of \$60 million in the net services deficit.

The net income deficit for 1994-95 rose to \$18,393 million, the highest annual deficit recorded to date. Income credits increased by \$1,168 million (19%) to \$7,183 million due largely to increases in reinvested earnings, earnings on reserve assets and remitted profits. Income debits increased by \$3,881 million (18%) to \$25,576 million due largely to an increase in reinvested earnings, direct dividends, portfolio dividends, remitted profits and private sector portfolio interest. Partly offsetting these rises was a decrease in interest on official borrowing domiciled abroad.

### 26.1 Current account (\$ million)

Current transactions	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Goods & services						
<b>Merchandise(a)</b>						
Exports f.o.b.	48 564	52 155	54 874	60 022	63 852	66 496
Imports f.o.b.	-50 992	-49 244	-51 055	-59 427	-64 400	-74 696
Balance on merchandise trade	-2 428	2 911	3 819	595	-548	-8 200
<b>Services</b>						
Credits						
Shipment	917	1 029	1 112	1 241	1 487	1 533
Other transportation	3 402	3 811	4 069	4 614	4 604	4 557
Travel	4 639	5 351	5 939	6 411	7 502	8 745
Other services	3 459	3 931	4 003	4 156	5 095	5 538
Total services credits	12 417	14 122	15 123	16 422	18 688	20 373
Debits						
Shipment	-3 443	-3 188	-3 257	-3 772	-3 854	-4 414
Other transportation	-4 058	-4 156	-4 432	-4 637	-4 906	-5 229
Travel	-4 799	-4 827	-4 626	-4 985	-5 157	-5 771
Other services	-4 260	-4 542	-4 620	-5 036	-5 580	-5 708
Total services debits	-16 560	-16 713	-16 935	-18 430	-19 497	-21 122
Net services	-4 143	-2 591	-1 812	-2 008	-809	-749
<b>Balance on goods &amp; services</b>	<b>-6 571</b>	<b>320</b>	<b>2 007</b>	<b>-1 413</b>	<b>-1 357</b>	<b>-8 949</b>
Income						
<b>Credits</b>						
Property income						
Reinvested earnings	1 364	204	556	2 044	2 660	3 500
Other	2 811	3 227	3 385	3 383	2 844	3 133
Labour & other income	520	582	455	497	511	550
Total income credits	4 695	4 013	4 396	5 924	6 015	7 183
<b>Debits</b>						
Property income						
Reinvested earnings	-1 128	-644	-704	-2 384	-4 244	-5 800
Other	-20 353	-20 996	-18 938	-17 165	-17 168	-19 385
Labour & other income	-406	-429	-326	-311	-283	-391
Total income debits	-21 887	-22 069	-19 968	-19 860	-21 695	-25 576
<b>Net income</b>	<b>-17 192</b>	<b>-18 056</b>	<b>-15 572</b>	<b>-13 936</b>	<b>-15 680</b>	<b>-18 393</b>
Unrequited transfers						
<b>Credits</b>	4 518	4 711	4 584	3 119	2 820	3 210
<b>Debits</b>	-2 228	-2 316	-2 389	-2 434	-2 624	-2 723
<b>Net unrequited transfers</b>	<b>2 290</b>	<b>2 395</b>	<b>2 195</b>	<b>685</b>	<b>196</b>	<b>487</b>
Balance on current account						
<b>Balance on current account</b>	<b>-21 473</b>	<b>-15 341</b>	<b>-11 370</b>	<b>-14 664</b>	<b>-16 841</b>	<b>-26 855</b>

(a) Balance of payments basis.

Source: Balance of Payments, Australia (5302.0).

As table 26.2 shows, the balance on capital account for 1994-95 recorded a net inflow of \$21,297 million, an increase of \$4,974 million on the net inflow for 1993-94. This increase was due largely to an increase of \$10,213 million, to \$13,277 million, in the inflow from net debt

transactions and a turnaround of \$1,252 million, to a net inflow of \$650 million from net 'other' capital transactions. Partly offsetting these rises was a decrease in net equity of \$6,493 million, to a net inflow of \$7,369 million.

## 26.2 Capital account and balancing item (\$ million)

Net capital transactions	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Official						
<b>General government</b>						
Foreign investment in Australia						
Borrowing	3 748	725	2 100	11 375	8 340	13 009
Other	-74	-5	-29	-35	83	73
Total	3 674	720	2 071	11 340	8 423	13 082
Australian investment abroad	-31	-420	656	44	-553	544
<i>Total general government</i>	3 643	301	2 727	11 385	7 870	13 626
<b>Reserve Bank</b>						
Foreign investment in Australia	24	-22	21	39	-49	23
Australian investment abroad						
Reserve assets	-2 156	-1 446	3 929	3 950	-1 054	1 971
Other	—	—	—	—	—	—
Total	-2 156	-1 446	3 929	3 950	-1 054	1 971
<i>Total Reserve Bank</i>	-2 132	-1 468	3 950	3 989	-1 103	1 994
<b>Total official</b>	1 511	-1 167	6 677	15 374	6 767	15 620
Non-official						
<b>Foreign investment in Australia</b>						
Direct investment						
Reinvestment of earnings	1 127	643	704	2 384	4 243	5 800
Other	6 108	7 102	5 103	2 974	2 394	762
Portfolio & other investment	13 906	13 459	7 491	2 152	15 892	1 435
<i>Total foreign investment in Australia</i>	21 140	21 204	13 298	7 510	22 529	7 997
<b>Australian investment abroad</b>						
Direct investment						
Reinvestment of earnings	-1 364	-205	-555	-2 045	-2 661	-3 500
Other	-983	1 090	-231	-1 003	-3 080	-585
Portfolio & other investment	-1 217	-3 363	-3 478	-3 906	-7 232	1 766
<i>Total Australian investment abroad</i>	-3 565	-2 478	-4 264	-6 953	-12 973	-2 319
<b>Total non-official</b>	17 575	18 728	9 034	557	9 556	5 677
Balance on capital account						
<b>Balance on capital account</b>	<b>19 086</b>	<b>17 561</b>	<b>15 711</b>	<b>15 930</b>	<b>16 323</b>	<b>21 297</b>
<b>of which</b>						
Net equity	4 088	11 022	1 988	7 052	13 862	7 369
Net debt	15 825	7 178	12 159	8 537	3 064	13 277
Net other	-826	-640	1 565	342	-602	650
Balancing item						
<b>Balancing item</b>	2 387	-2 220	-4 341	-1 265	518	5 557

Source: Balance of Payments, Australia (5302.0).

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

Table 26.4 and table 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 International Merchandise Trade later in this chapter regarding the difference between the balance of payments and the foreign trade basis 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 deficit was recorded on merchandise trade in 1994–95 at current prices. Merchandise exports rose 4% to \$66,496 million with significant increases recorded in 'other' manufactures; wool and sheepskins; machinery; 'other' metals; other rural; and sugar. Significant decreases were recorded in cereal grains; gold; and meat. Merchandise imports increased 16% to \$74,696 million. The most significant increases occurred in machinery and industrial equipment; non-industrial transport equipment; processed industrial supplies n.e.s.; 'other' parts for capital goods; and parts for transport equipment. The only decrease recorded was in non-monetary gold.

In current price terms, the net services deficit fell \$60 million to \$749 million in 1994–95. Service credits increased \$1,685 million to

\$20,373 million, mainly due to an increase in the travel credits. Service debit increased \$1,625 million to \$21,122 million, mainly due to travel and shipment debits.

In constant price terms, exports of goods and services increased \$2,992 million (3%) in 1994–95, while imports of goods and services increased \$13,437 million (18%). The turnaround, from a surplus to a deficit on goods and services made a negative contribution of 2.7 percentage points to the expenditure-based estimates of GDP at average 1989–90 prices. The balance on merchandise trade recorded a deficit of \$1,851 million, a turnaround of \$10,630 million on the surplus recorded in 1993–94, while the net services surplus increased \$185 million, to \$749 million.

The published components of merchandise exports and imports of goods free-on-board (f.o.b.) are defined in terms of groupings of items in the United Nations' Standard International Trade Classification Revision 3 (SITC Rev. 3).

### 26.3 Official reserve assets and exchange rates

	Financial year ending 30 June					
	1990	1991	1992	1993	1994	1995
Levels of official reserve assets(a)						
Foreign exchange						
United States dollars	8 464	8 537	5 553	5 684	7 931	5 483
Other	9 076	10 925	12 203	9 702	7 663	9 538
Special drawing rights	379	360	375	133	110	95
Reserve position in IMF	411	421	471	855	749	753
Gold	3 541	3 804	3 639	4 448	4 208	4 316
<b>Total</b>	<b>21 871</b>	<b>24 047</b>	<b>22 240</b>	<b>20 823</b>	<b>20 661</b>	<b>20 185</b>
Exchange rates						
End of year(b)						
United States dollar	0.7890	0.7681	0.7488	0.6722	0.7291	0.7086
United Kingdom pound	0.4536	0.4712	0.3945	0.4453	0.4721	0.4452
German mark	1.318	1.382	1.144	1.137	1.159	0.981
Japanese yen	120.41	106.19	94.05	71.54	72.20	60.08
Special drawing right	0.5967	0.5825	0.5213	0.4818	0.5026	0.4539
Period average(c)						
United States dollar	0.7697	0.7853	0.7694	0.7030	0.6919	0.7427
United Kingdom pound	0.4733	0.4240	0.4381	0.4363	0.4623	0.4705
German mark	1.367	1.248	1.274	1.103	1.171	1.12
Japanese yen	113.27	107.60	100.97	84.22	73.52	70.35
Special drawing right	0.5958	0.5656	0.5580	0.4982	0.4944	0.4972

(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 (5302.0) for exchange rates.

### 26.4 Exports of goods and services (balance of payments basis) (\$ million)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
At current prices						
<b>Rural exports f.o.b.</b>						
Meat & meat preparations	2 936	3 173	3 434	3 750	4 043	3 652
Cereal grains & cereal preparations(a)	3 288	2 436	2 352	2 954	3 206	2 520
Sugar, sugar preparations & honey	1 104	948	747	1 072	1 315	1 730
Wool & sheepskins	3 753	2 887	3 829	3 367	3 369	4 215
Other rural	4 263	4 578	5 241	5 937	6 508	6 924
<i>Total rural</i>	<i>15 344</i>	<i>14 022</i>	<i>15 603</i>	<i>17 080</i>	<i>18 441</i>	<i>19 041</i>
<b>Non-rural exports f.o.b.</b>						
Metal ores & minerals(a)	7 600	8 557	7 938	7 943	7 671	7 967
Mineral fuels						
Coal, coke & briquettes	5 932	6 480	6 949	7 620	7 256	6 927
Other mineral fuels	2 068	3 595	3 402	3 913	3 350	3 793
Metals						
Gold	3 764	4 136	4 605	4 580	5 548	5 029
Other metals	4 650	4 737	4 702	5 210	5 396	6 079
Machinery	2 468	3 123	3 471	4 344	5 294	6 051
Transport equipment	1 178	1 907	1 655	2 022	2 086	2 002
Other manufactures	4 061	4 355	5 268	6 026	6 967	7 895
Other non-rural(a)	1 499	1 243	1 281	1 284	1 843	1 712
<i>Total non-rural</i>	<i>33 220</i>	<i>38 133</i>	<i>39 271</i>	<i>42 942</i>	<i>45 411</i>	<i>47 455</i>
<b>Total exports f.o.b.</b>	<b>48 564</b>	<b>52 155</b>	<b>54 874</b>	<b>60 022</b>	<b>63 852</b>	<b>66 496</b>
<b>Exports of services</b>	<b>12 417</b>	<b>14 122</b>	<b>15 123</b>	<b>16 422</b>	<b>18 688</b>	<b>20 373</b>
<b>Total exports of goods &amp; services</b>	<b>60 981</b>	<b>66 277</b>	<b>69 997</b>	<b>76 444</b>	<b>82 540</b>	<b>86 869</b>
At average 1989-90 prices						
<b>Rural exports f.o.b.</b>						
Meat & meat preparations	2 936	3 259	3 511	3 766	3 830	3 735
Cereal grains & cereal preparations(a)	3 288	3 466	2 713	3 105	3 810	2 673
Sugar, sugar preparations & honey	1 104	1 029	923	1 228	1 345	1 628
Wool & sheepskins	3 753	4 002	5 781	5 206	5 428	5 041
Other rural	4 263	4 683	5 230	5 655	5 949	6 091
<i>Total rural</i>	<i>15 344</i>	<i>16 439</i>	<i>18 158</i>	<i>18 960</i>	<i>20 362</i>	<i>19 168</i>
<b>Non-rural exports f.o.b.</b>						
Metal ores & minerals(a)	7 600	8 729	8 756	8 805	9 450	9 915
Mineral fuels						
Coal, coke & briquettes	5 932	6 401	6 923	7 226	7 210	7 548
Other mineral fuels	2 068	2 615	2 884	3 156	3 159	3 563
Metals						
Gold	3 764	4 394	5 300	5 014	5 447	5 126
Other metals	4 650	5 140	5 700	6 163	6 753	6 368
Machinery	2 468	3 201	3 668	4 574	5 932	7 219
Transport equipment	1 178	1 885	1 548	1 669	1 633	1 574
Other manufactures	4 061	4 384	5 485	6 064	6 904	7 841
Other non-rural(a)	1 499	1 302	1 383	1 370	1 907	1 785
<i>Total non-rural</i>	<i>33 220</i>	<i>38 051</i>	<i>41 647</i>	<i>44 041</i>	<i>48 395</i>	<i>50 939</i>
<b>Total exports f.o.b.</b>	<b>48 564</b>	<b>54 490</b>	<b>59 805</b>	<b>63 001</b>	<b>68 757</b>	<b>70 107</b>
<b>Exports of services</b>	<b>12 417</b>	<b>13 397</b>	<b>14 178</b>	<b>15 229</b>	<b>17 324</b>	<b>18 966</b>
<b>Total exports of goods &amp; services</b>	<b>60 981</b>	<b>67 887</b>	<b>73 983</b>	<b>78 230</b>	<b>86 081</b>	<b>89 073</b>

(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* (5302.0).



### 26.5 Imports of goods and services (balance of payments basis) (\$ million)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
At current prices						
Consumption goods f.o.b.						
Food & beverages, mainly for consumption	1 796	1 923	2 028	2 261	2 430	2 594
Household electrical items	1 184	1 103	1 257	1 382	1 436	1 744
Non-industrial transport equipment	2 477	2 466	2 777	3 478	3 800	4 763
Textiles, clothing & footwear	1 551	1 623	1 799	2 178	2 320	2 567
Toys, books & leisure goods	1 695	1 741	2 015	2 238	2 496	2 546
Consumption goods n.e.s.	3 475	3 449	3 793	4 389	4 751	5 212
Total consumption goods	12 178	12 305	13 669	15 926	17 233	19 426
Capital goods f.o.b.						
Machinery & industrial equipment	5 248	4 488	4 320	5 446	6 414	7 893
ADP equipment	1 997	1 880	1 915	2 319	2 629	3 232
Telecommunications equipment	750	832	949	1 224	1 182	1 805
Civil aircraft	1 589	1 885	1 685	828	241	531
Industrial transport equipment n.e.s.	1 714	1 605	1 240	1 838	2 084	2 712
Capital goods n.e.s.	1 779	1 627	1 788	2 000	2 293	2 365
Total capital goods	13 077	12 317	11 897	13 655	14 843	18 538
Intermediate & other goods f.o.b.						
Food & beverages, mainly for industry	435	390	388	436	509	773
Primary industrial supplies n.e.s.	689	556	586	677	701	902
Fuels & lubricants	2 338	2 977	2 715	3 623	3 317	3 564
Parts for transport equipment	3 275	3 028	2 941	3 675	4 183	4 715
Parts for ADP equipment	1 073	1 109	1 278	1 423	1 681	1 858
Other parts for capital goods	3 717	3 426	3 558	4 232	5 036	5 938
Organic & inorganic chemicals(a)	1 828	1 675	1 804	2 056	2 102	2 431
Paper & paperboard	1 267	1 142	1 295	1 381	1 465	1 798
Textile yarn & fabrics	1 588	1 516	1 680	1 763	1 869	2 039
Iron & steel	1 033	887	822	946	1 039	1 284
Plastics	1 122	1 036	1 086	1 272	1 375	1 647
Non-monetary gold	278	624	1 034	1 019	978	705
Processed industrial supplies n.e.s.	6 224	5 817	6 059	7 135	7 783	8 686
Other goods(a)	870	439	243	208	286	392
Total intermediate & other goods	25 737	24 622	25 489	29 846	32 324	36 732
Total imports f.o.b.	50 992	49 244	51 055	59 427	64 400	74 696
Imports of services	16 560	16 713	16 935	18 430	19 497	21 122
<b>Total imports of goods &amp; services</b>	<b>67 552</b>	<b>65 957</b>	<b>67 990</b>	<b>77 857</b>	<b>83 897</b>	<b>95 818</b>
At average 1989-90 prices						
Consumption goods f.o.b.						
Food & beverages, mainly for consumption	1 796	1 895	1 924	2 010	2 204	2 329
Household electrical items	1 184	1 158	1 292	1 299	1 308	1 678
Non-industrial transport equipment	2 477	2 347	2 435	2 608	2 538	3 100
Textiles, clothing & footwear	1 551	1 646	1 740	1 964	2 080	2 438
Toys, books & leisure goods	1 695	1 682	1 913	2 024	2 205	2 343
Consumption goods n.e.s.	3 475	3 317	3 565	3 830	4 036	4 574
Total consumption goods	12 178	12 045	12 869	13 735	14 371	16 462
Capital goods f.o.b.						
Machinery & industrial equipment	5 248	4 242	3 983	4 442	5 042	6 347
ADP equipment	1 997	2 166	2 552	3 437	4 612	6 728
Telecommunications equipment	750	869	971	1 150	1 051	1 820
Civil aircraft	1 589	1 853	1 588	704	195	451
Industrial transport equipment n.e.s.	1 714	1 577	1 110	1 315	1 368	1 804
Capital goods n.e.s.	1 779	1 566	1 686	1 665	1 859	1 940
Total capital goods	13 077	12 273	11 890	12 713	14 127	19 090

For footnotes see end of table.

...continued

## 26.5 Imports of goods and services (balance of payments basis) — continued (\$ million)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
At average 1989-90 prices — (continued)						
Intermediate & other goods f.o.b.						
Food & beverages, mainly for industry	435	408	392	444	491	515
Primary industrial supplies n.e.s.	689	583	638	675	687	800
Fuels & lubricants	2 338	2 400	2 680	3 260	3 252	3 445
Parts for transport equipment	3 275	3 010	2 799	3 157	3 351	3 801
Parts for ADP equipment	1 073	1 279	1 703	2 110	2 942	3 865
Other parts for capital goods	3 717	3 289	3 352	3 620	4 291	5 310
Organic & inorganic chemicals(a)	1 828	1 733	1 899	2 168	2 391	2 629
Paper & paperboard	1 267	1 165	1 352	1 435	1 533	1 955
Textile yarn & fabrics	1 588	1 412	1 605	1 715	1 883	2 127
Iron & steel	1 033	919	845	972	1 075	1 375
Plastics	1 122	1 156	1 223	1 330	1 381	1 597
Non-monetary gold	278	646	1 106	1 012	864	663
Processed industrial supplies n.e.s.	6 224	5 715	6 106	6 691	7 059	7 935
Other goods	870	445	248	204	280	389
Total intermediate & other goods	25 737	24 160	25 948	28 793	31 480	36 406
Total imports f.o.b.	50 992	48 478	50 707	55 241	59 978	71 958
Imports of services	16 560	15 618	15 647	15 960	16 760	18 217
<b>Total imports of goods &amp; services</b>	<b>67 552</b>	<b>64 096</b>	<b>66 354</b>	<b>71 201</b>	<b>76 738</b>	<b>90 175</b>

(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* (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 trans-shipped 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
- individual transaction lines (within an export consignment) where the value of the goods 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 the transactions value 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 Chapter 9 of *Balance of Payments, Australia: Concepts, Sources and Methods* (5331.0).

## Total merchandise exports and imports

In the year ended June 1995, merchandise exports rose 4% to reach \$67,063 million while merchandise imports rose 16% to \$74,634 million. Imports exceeded exports by \$7,571 million, a turnaround of \$7,675 million from the exports surplus of \$104 million recorded in 1993–94.

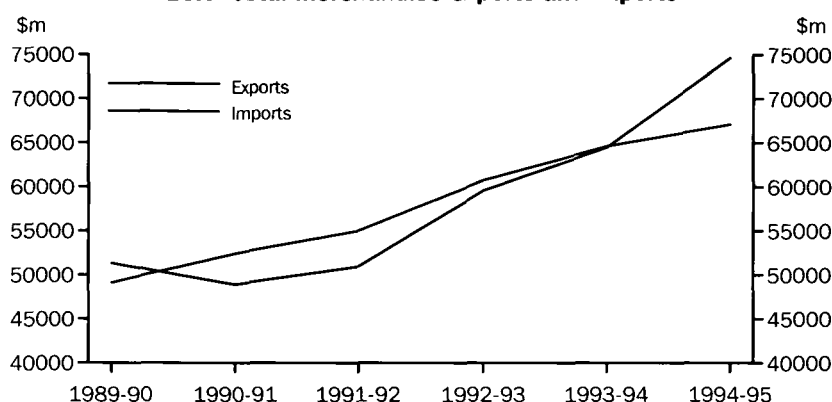
### 26.6 Total merchandise exports and imports (\$ million)

Period	Exports	Imports	Excess of exports or imports(a)
1989–90	49 078	51 333	-2 255
1990–91	52 399	48 912	3 487
1991–92	55 027	50 984	4 043
1992–93	60 702	59 575	1 127
1993–94	64 574	64 470	104
1994–95	67 063	74 634	-7 571

(a) A minus sign denotes excess of imports.

Source: *International Merchandise Trade: Australia, June Quarter 1995* (5422.0) and unpublished data.

### 26.7 Total merchandise exports and imports



Source: International Merchandise Trade, Australia, June Quarter 1995 (5422.0).

### 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.

Re-exports are defined as goods, materials or articles originally imported into Australia which are exported in the same condition, or, after undergoing minor operations (e.g. blending, packaging, bottling, cleaning, husking and shelling) which leave them essentially unchanged.

### 26.8 Merchandise exports and imports by State/Territory (\$ million)

State/Territory	Exports			Imports		
	1992-93	1993-94	1994-95	1992-93	1993-94	1994-95
New South Wales	13 156	14 655	15 168	26 435	28 496	33 301
Victoria	11 044	12 323	12 969	18 147	20 770	23 969
Queensland	11 798	11 984	12 501	6 334	6 869	7 772
South Australia	3 761	3 890	3 818	3 068	2 803	3 099
Western Australia	14 994	15 630	16 470	4 966	4 793	5 808
Tasmania	1 522	1 575	1 611	334	447	341
Northern Territory	1 280	1 124	1 075	273	269	332
Australian Capital Territory	8	12	17	19	22	12
State not available(a)	387	295	295	—	—	—
Total	57 950	61 489	63 924	59 575	64 470	74 634
Re-exports	2 752	3 085	3 139	—	—	—
<b>Grand total</b>	<b>60 702</b>	<b>64 574</b>	<b>67 063</b>	<b>59 575</b>	<b>64 470</b>	<b>74 634</b>

(a) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month and also includes \$10 million of exports for June 1995 which cannot yet be allocated by State/Territory.

Source: Unpublished International Merchandise Trade data.

## 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 Union. The main changes in 1994–95 from the previous year in the pattern of trade with other countries which contributed to the \$7,467 million increase in the merchandise trade deficit were:

- a \$2,456 million (27%) rise in the deficit with the USA as a result of a fall in exports of \$427 million (mainly meat) and a rise in imports of \$2,029 million (mainly transport equipment [excluding road vehicles], electrical machinery, apparatus and appliances, road vehicles and telecommunications, sound recording and reproducing apparatus and equipment);

- a \$1,372 million (172%) rise in the deficit with the United Kingdom as a result of a fall in exports of \$631 million (mainly non-monetary gold) and rise in imports of \$741 million (mainly road vehicles, and telecommunications, sound recording and reproducing apparatus and equipment);
- a \$1,026 million (37%) rise in the deficit with Germany as a result of a rise in imports of \$1,102 million (mainly road vehicles, machinery specialised for particular industries; and telecommunications, sound recording and reproducing apparatus and equipment) partly offset by a rise in exports of \$76 million (mainly textiles and metalliferous ores); and
- a \$704 million (17%) fall in the surplus with Japan, with an increase in imports of road vehicles and other transport equipment being most significant.

These contributions to the increase in the overall deficit were partly offset by:

- a \$422 million (15%) rise in the surplus with Republic of Korea with increases in exports non-monetary gold being most significant; and
- a \$418 million (52%) rise in the surplus with New Zealand as a result of a \$771 million increase in exports (mainly computers, road vehicles and other transport equipment) that was partly offset by a \$353 million rise in imports (chiefly electrical machinery, apparatus and appliances).

**26.9 Merchandise exports and imports, by country**  
(\$ million)

Country	1992–93		1993–94		1994–95	
	Exports	Imports	Exports	Imports	Exports	Imports
Association of South East Asian Nations (ASEAN)						
Brunei	53	50	61	17	55	22
Indonesia	1 715	1 305	1 906	1 105	2 105	1 198
Malaysia	1 311	974	1 759	1 103	2 041	1 421
Philippines	598	177	699	188	839	259
Singapore	3 787	1 509	3 207	1 792	3 639	2 247
Thailand	1 205	756	1 277	794	1 558	970
Total ASEAN	8 669	4 770	8 909	5 001	10 237	6 116

For footnotes see end of table.

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**26.9 Merchandise exports and imports, by country — continued**  
(\$ million)

Country	1992-93		1993-94		1994-95	
	Exports	Imports	Exports	Imports	Exports	Imports
European Union (EU)						
Austria	27	226	28	223	32	279
Belgium-Luxembourg	618	512	458	541	465	686
Denmark	67	274	63	300	100	340
Finland	116	415	117	463	247	636
France	850	1 481	792	1 542	793	1 754
Germany	991	3 383	1 006	3 759	1 082	4 861
Greece	41	51	25	52	20	63
Ireland	22	255	28	296	42	432
Italy	872	1 349	1 052	1 617	1 250	2 026
Netherlands	876	624	703	664	706	713
Portugal	41	63	26	66	50	81
Spain	289	218	268	288	277	484
Sweden	136	1 013	139	1 072	155	1 426
United Kingdom	2 394	3 395	2 902	3 698	2 271	4 439
Total EU(a)	7 341	13 258	7 606	14 582	7 491	18 220
Other countries						
Algeria	21	10	24	—	26	—
Argentina	73	76	117	85	114	69
Bahrain(b)	29	4	45	12	32	5
Bangladesh	81	18	104	20	91	21
Brazil	289	329	319	348	307	452
Bulgaria	11	4	10	5	26	5
Cambodia	46	—	9	1	19	—
Canada	1 158	984	1 149	1 055	1 134	1 277
Cayman Islands	—	11	—	12	—	13
Chile	87	33	111	47	141	48
China	2 268	2 557	2 590	3 120	2 960	3 650
Christmas Island	12	—	23	1	27	1
Colombia	13	11	47	11	26	14
Croatia	6	9	3	9	4	9
Czech Republic(d)	5	14	27	53	20	56
Ecuador	7	3	28	2	14	3
Egypt(b)	279	5	286	6	161	8
Fiji	327	130	325	163	377	185
French Antilles	1	—	1	—	12	—
French Polynesia	85	—	61	2	83	1
Ghana	25	1	43	2	34	3
Guam	25	—	27	—	19	—
Hong Kong	2 597	796	2 798	801	2 630	924
Hungary	17	30	4	32	5	38
India	889	362	865	427	978	532
Iran	371	14	535	16	237	21
Iraq	24	—	40	—	40	—
Israel	66	173	67	200	83	273
Japan	15 206	11 139	15 930	11 700	16 303	12 777
Jordan	39	11	48	21	53	14
Kenya	7	8	6	11	15	11
Kiribati	15	—	21	—	19	—
Korea, Republic of	3 970	1 696	4 714	1 882	5 282	2 028
Kuwait	100	59	82	76	75	93
Laos	28	—	25	—	35	—
Lebanon	9	4	11	3	8	4

For footnotes see end of table.

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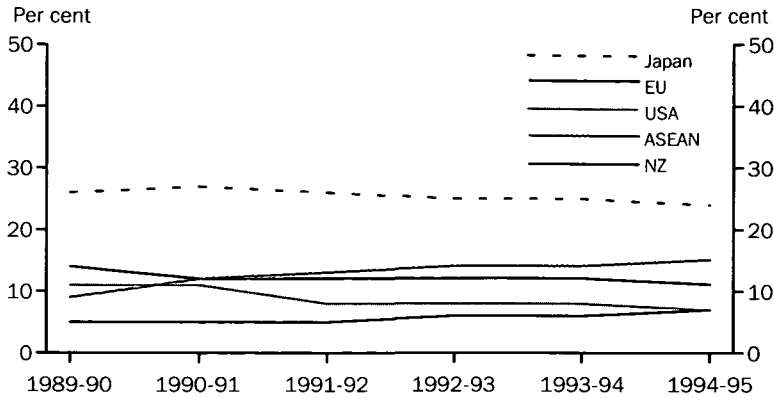
**26.9 Merchandise exports and imports, by country — continued**  
(\$ million)

Country	1992-93		1993-94		1994-95	
	Exports	Imports	Exports	Imports	Exports	Imports
Other countries — (continued)						
Macau	14	15	7	13	5	11
Malta	3	1	5	1	9	5
Mauritius	61	2	70	2	75	2
Mexico	129	90	192	103	132	136
Morocco	3	7	17	15	3	15
Myanmar	7	11	4	11	11	8
Nauru	40	28	32	16	28	12
New Caledonia	154	39	164	37	168	46
New Zealand	3 365	2 785	4 009	3 201	4 780	3 554
Norway	117	124	114	125	68	168
Oman	89	1	101	9	81	3
Pakistan	253	132	221	141	190	141
Papua New Guinea	855	1 254	954	1 296	931	1 125
Peru	22	19	19	29	24	26
Poland	17	23	19	23	24	27
Puerto Rico	5	202	4	222	6	198
Qatar	32	22	45	135	62	184
Romania	63	8	45	9	81	15
Russian Federation(e)	157	25	246	22	200	28
Samoa (American)	18	3	29	3	18	2
Saudi Arabia	329	812	344	593	276	750
Slovenia	5	24	4	27	19	30
Solomon Islands	47	3	71	2	65	3
South Africa	334	192	350	268	565	302
Sri Lanka	77	39	104	50	141	50
Switzerland	302	721	270	818	287	991
Taiwan	2 680	2 213	2 757	2 362	3 100	2 570
Tonga	13	2	14	2	19	—
Turkey	264	39	206	45	228	58
United Arab Emirates	408	698	417	617	337	628
United States of America	4 940	13 004	5 075	14 017	4 648	16 046
Uruguay	34	3	4	2	13	3
Vanuatu	35	1	61	2	45	4
Venezuela	19	4	9	5	10	2
Vietnam	76	237	111	291	150	295
Western Samoa	25	52	22	66	24	75
Yemen	55	17	73	11	14	—
Zimbabwe	8	9	11	13	7	30
Zone of Coop A-Timor Gap	—	—	36	—	33	—
Other countries	259	157	215	122	200	179
Destination or origin unknown	1	40	3	32	—	—
International waters	188	1	249	8	—	4
No country details(b)	325	—	295	—	285	—
Ships' stores	617	—	566	—	575	—
Unidentified(c)	62	—	—	—	10	—
<b>Total</b>	<b>60 702</b>	<b>59 575</b>	<b>64 574</b>	<b>64 470</b>	<b>67 063</b>	<b>74 634</b>

(a) The membership of the European Union (EU) country group has expanded to include Austria, Finland and Sweden, who joined the EU on 1 January 1995. Data for these three countries have been incorporated into the EU totals for the periods covered in this table. (b) Exports of alumina to Bahrain, Egypt and Iceland are excluded from country totals and included in the 'No Country Details' category. (c) Includes revisions of \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month and also includes \$10 million of exports for June 1995 which cannot yet be allocated by country. (d) 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. (e) 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.

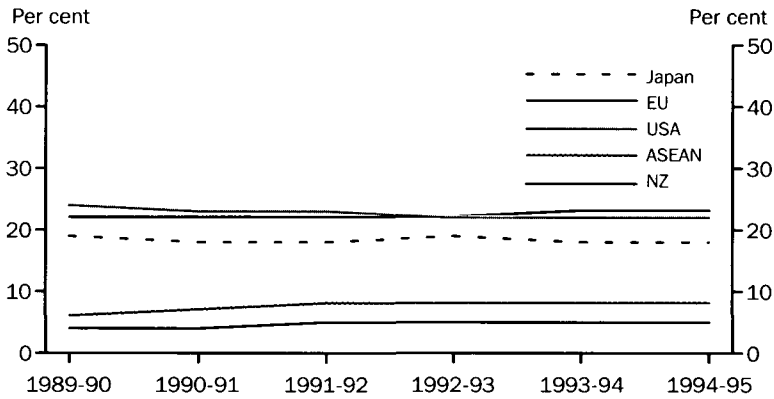
Source: International Merchandise Trade: Australia, June Quarter 1995 (5422.0) and unpublished data.

26.10 Destination of merchandise exports (%)



Source: International Merchandise Trade: Australia, June Quarter 1995 (5422.0) and unpublished data.

26.11 Source of merchandise imports (%)

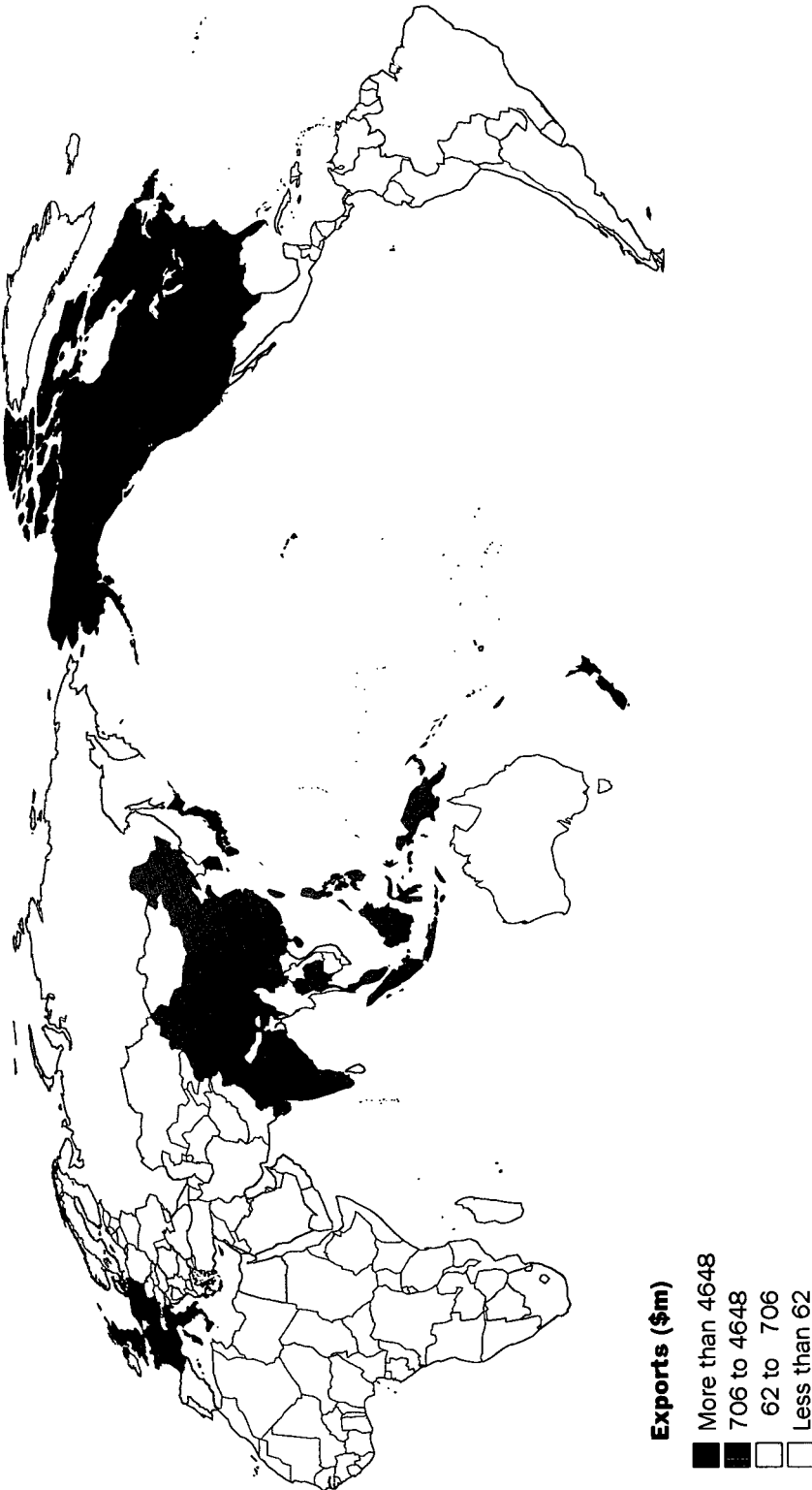


Source: International Merchandise Trade: Australia, June Quarter 1995 (5422.0) and unpublished data.

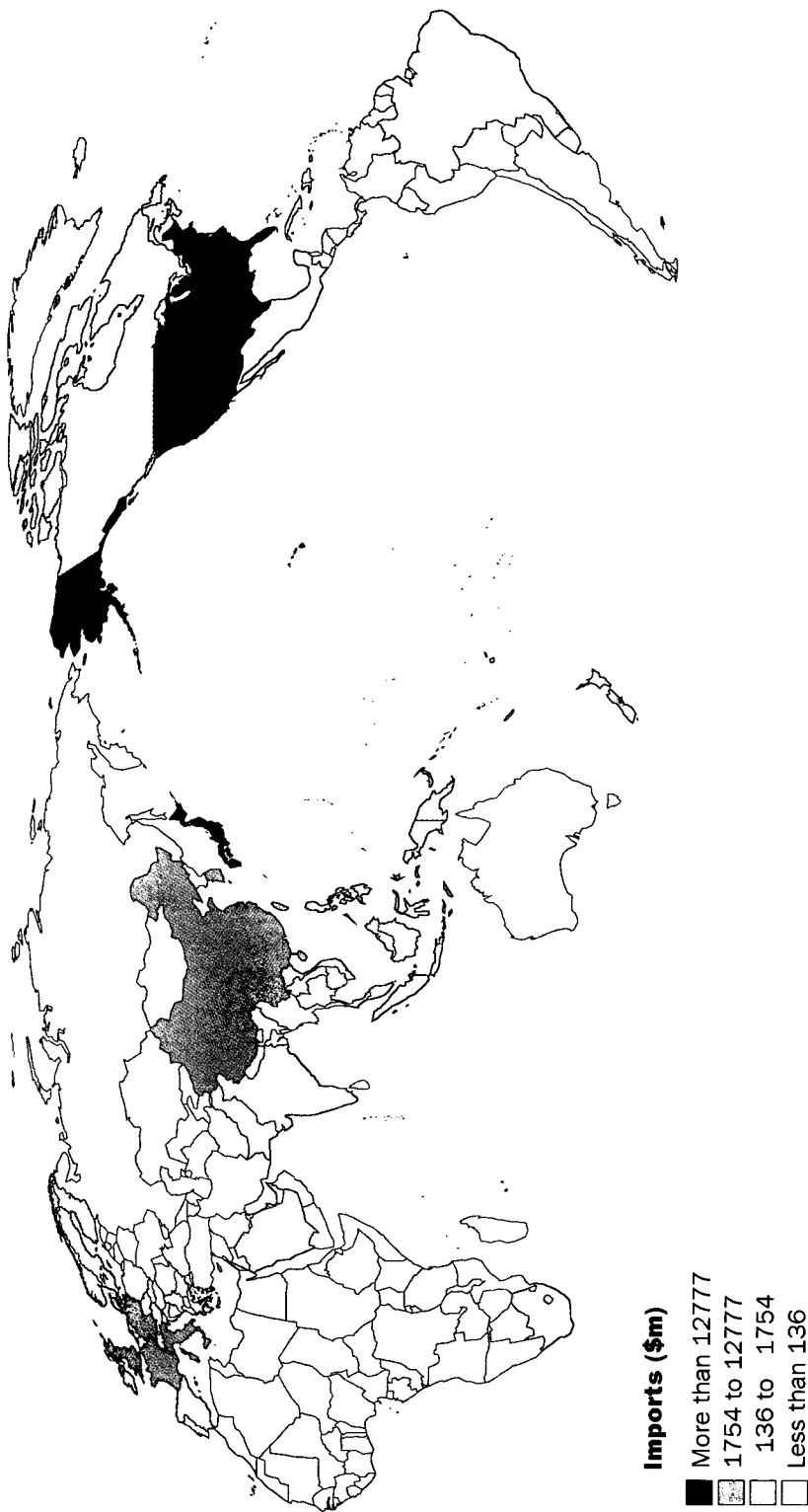
Maps 26.12, 26.13 and 26.14 show the main destination and source countries of Australia's exports and imports.



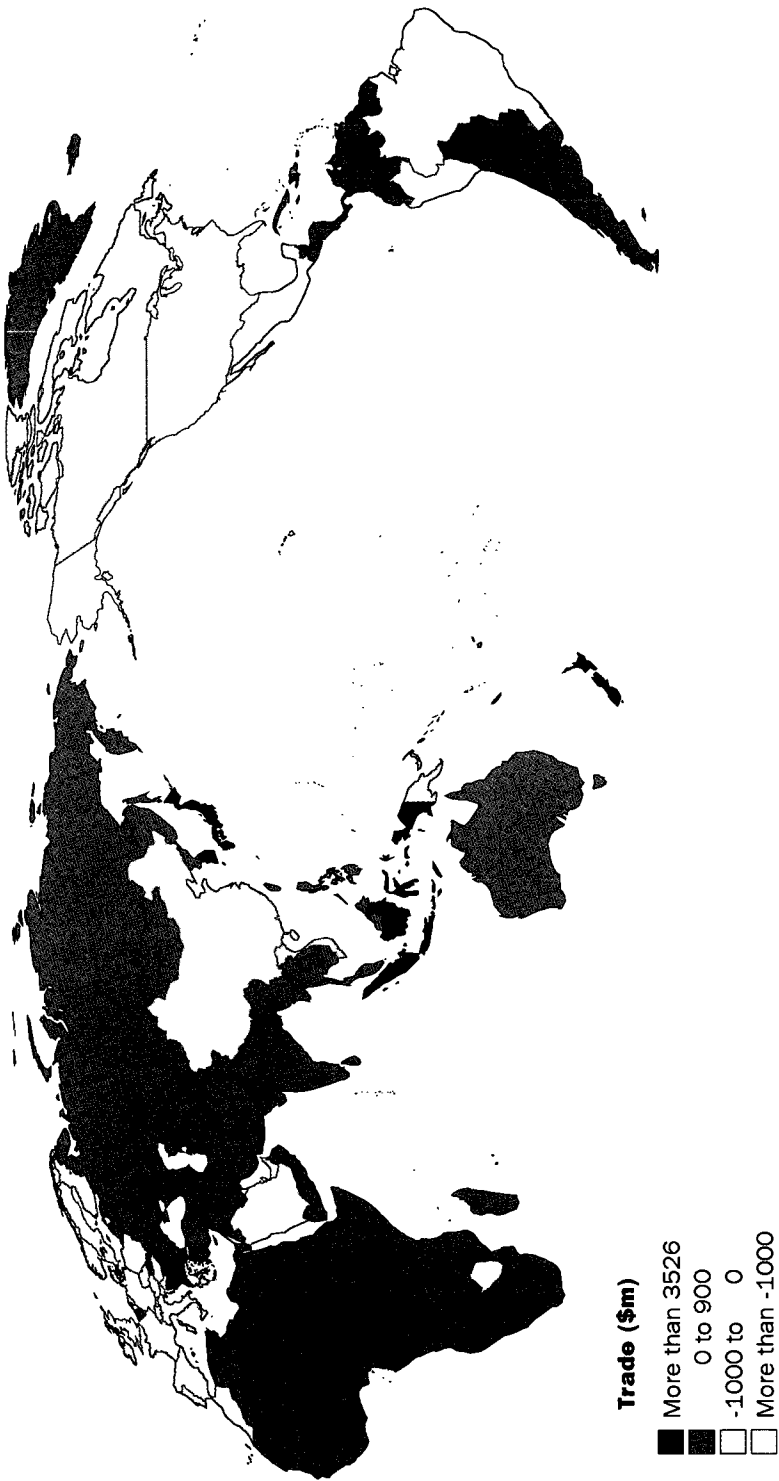
26.12 Australian merchandise exports: major destinations, 1994-95



26.13 Australian merchandise imports: major source countries, 1994-95



26.14 Australia's net balance of trade: major partner countries, 1994-95



## 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 international 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 1994–95 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 1992–93 to 1994–95. For the year ended June 1995, exports were \$67,063 million, up \$2,489 million (4%) on the previous financial year. The most significant contributors to this rise were textile fibres and their wastes, up \$612 million (15%) to \$4,589 million; non-ferrous metals, up \$610 million (16%) to 4,509 million; and sugar, sugar preparations and honey, up \$413 million (31%) to \$1,729 million. The commodities recording the biggest falls were cereals and cereal preparations, down \$685 million (21%) to \$2,521 million; non-monetary gold, down \$474 million (9%) to \$4,820 million; and meat and meat preparation, down \$391 million (10%) to \$3,653 million.

Australia's major exports for 1994–95 and their principal markets were:

- coal, \$6,889 million — 10% of total exports: Japan (47%), Republic of Korea (13%), India (8%) and Taiwan (6%);
- non-monetary gold, \$4,820 million — 7% of total exports: Singapore (33%), Japan (28%) and Republic of Korea (21%);

- beef, \$2,848 million — 4% of total exports: Japan (55%), USA (22%), Republic of Korea (6%) and Canada (4%); and
- iron ore, \$2,771 million — 4% of total exports: Japan (46%), China (17%) and Republic of Korea (15%).

For the year ended June 1995, imports were \$74,634 million, an increase of \$10,164 million (16%) when compared to the previous year. The most significant rises were recorded for: office machines, and computers, up \$900 million (19%) to \$5,728 million; electrical machinery, apparatus, and appliances, up \$858 million (21%) to \$4,909 million; telecommunications and sound recording and reproducing apparatus and equipment, up \$823 million (32%) to \$3,362 million; machinery specialised for particular industries, up \$728 million (24%) to \$3,790 million; and general industrial machinery and equipment, and machine parts, up \$663 million (18%) to \$4,301 million. Partly offsetting these rises were falls in non-monetary gold, down \$271 million (28%) to \$710 million; and cork and wood, down \$46 million (7%) to \$613 million.

Australia's major commodity imports for 1994–95 and their principal sources were:

- passenger motor vehicles, \$4,353 million — 6% of total imports: Japan (58%), Germany (14%), Republic of Korea (9%) and United Kingdom (6%);
- computers, \$3,235 million — 4% of total imports: USA (32%), Singapore (20%), Taiwan (15%) and Japan (13%);
- crude petroleum, \$2,475 million — 3% of total imports: Papua New Guinea (25%), United Arab Emirates (21%), Saudi Arabia (15%) and Indonesia (14%); and
- telecommunication equipment, parts and accessories, \$2,184 million — 3% of total imports: USA (25%), Japan (19%), Sweden (11%) and Germany (10%).

**26.15 Merchandise exports of major commodities, 1994–95**

Commodity description	\$m	%
Aircraft & assoc. equipment; spacecraft (incl. satellites) & launch vehicles; & parts thereof	555	1
Alumina (aluminium oxide)	2 191	3
Aluminium	2 532	4
Barley, unmilled	296	—
Cars & other road vehicles (incl. air-cushion vehicles)	1 080	2
Cheese & curd	402	1
Coal, whether or not pulverised but not agglomerated	6 889	10
Copper ores & concentrates	377	1
Copper & copper alloys, unwrought (excl. master alloys)	424	1
Cotton (other than linters), not carded or combed	677	1
Crustaceans, molluscs & aquatic invertebrates (except canned or bottled)	889	1
Fruit & nuts, fresh, dried or preserved & fruit preparations (incl. fruit juices)	535	1
Gas, natural & manufactured	1 355	2
Gold, non-monetary (excl. gold ores & concentrates)	4 820	7
Hides & skins, bovine & equine, raw	223	—
Iron & steel	1 579	2
Iron ore concentrates & agglomerates (excl. roasted iron pyrites)	2 771	4
Lead & lead alloys, unwrought	312	—
Machinery specialised for particular industries	919	1
Meat of bovine animals, fresh, chilled or frozen	2 848	4
Meat of sheep & goats fresh, chilled or frozen	516	1
Milk & cream & milk products other than butter or cheese	848	1
Nickel & nickel alloys, unwrought	383	1
Nickel oxide sinters	274	—
Office machines & automatic data processing machines	1 587	2
Ores & concentrates of molybdenum, niobium, titanium, etc.(a)	393	1
Petroleum oils & oils obtained from bituminous minerals, crude	1 644	2
Petroleum products	1 307	2
Photographic & cinematographic supplies	340	1
Plastics in primary & non-primary form(a)	425	1
Power generating machinery & equipment	724	1
Rice(a)	286	—
Sheep & goats, live	186	—
Skins, sheep & lamb, with wool on, raw	208	—
Sorghum, unmilled	19	—
Sugar, beet or cane, raw, in solid form	1 550	2
Uranium & thorium ores & concentrates	188	—
Wheat (incl. spelt) & meslin unmilled	1 617	2
Wood, in chips or particles	564	1
Wool, greasy (incl. fleece-washed wool)	2 558	4
Wool, other, not carded or combed	855	1
Zinc & zinc alloys, unwrought	372	1
Zinc ores & concentrates	404	1
Total major commodities(a)	48 922	73
<b>Total exports</b>	<b>67 063</b>	<b>100</b>

(a) Excludes commodities subject to a 'No Commodity Details' restriction. For further information see paragraph 29 of the Explanatory Notes in *International Merchandise Trade, Australia* (5422.0).

Source: *Unpublished International Merchandise Trade data*.

**26.16 Merchandise imports of major commodities, 1994-95**

Commodity description	\$m	%
Aircraft & assoc. equipment; spacecraft (incl. satellites) & launch vehicles; & parts thereof	1 442	2
Articles of apparel & clothing accessories	1 637	2
Automatic data processing machines & units thereof	3 235	4
Baby carriages, toys, games & sporting goods	774	1
Chemical materials & products, n.e.s.	897	1
Civil engineering & contractors' plant & equipment	1 086	1
Clay & refractory construction materials & mineral manufactures n.e.s.	509	1
Coffee & coffee substitutes	256	—
Electrical apparatus for switching or protecting electrical circuits	847	1
Electrical machinery & apparatus n.e.s.	1 361	2
Fish, crustaceans, molluscs, & aquatic invertebrates, & preparations thereof	609	1
Glass, glassware & pottery	474	1
Household type, electrical & non-electrical equipment n.e.s.	650	1
Inorganic chemicals(a)	639	1
Internal combustion piston engines, & parts thereof n.e.s.	957	1
Iron & steel	1 287	2
Machinery & equipment specialised for particular industries & parts thereof	832	1
Manufactures of base metals n.e.s.	779	1
Measuring, checking, analysing & controlling instruments & apparatus n.e.s.	1 262	2
Medical & pharmaceutical products	1 562	2
Motor vehicles for the transport of goods	1 890	3
Non-electrical parts & accessories of machinery n.e.s.	182	—
Organic chemicals(a)	1 795	2
Paper, paperboard & articles of paper pulp, of paper or of paperboard(a)	1 861	2
Parts & accessories of motor vehicles & tractors, track-laying & wheeled	1 759	2
Parts & accessories for office & automatic data processing machines	2 071	3
Passenger motor vehicles (other than transport type) including station wagons & racing cars	4 353	6
Petroleum oils & oils obtained from bituminous minerals, crude	2 475	3
Petroleum oils & oils obtained from bituminous minerals (other than crude)	1 003	1
Photographic & cinematographic supplies	533	1
Plastics in primary & non-primary forms(a)	1 642	2
Printed matter	892	1
Printing & bookbinding machinery, & parts thereof	582	1
Pumps, centrifuges, filtering or purifying apparatus & parts thereof	844	1
Rubber tyres, interchangeable tyre treads, tyre flaps & inner tubes for wheels of all kinds	661	1
Ships, boats (including hovercraft) & floating structures	477	1
Telecommunication equipment n.e.s. & parts n.e.s. & accessories	2 184	3
Television & radio broadcast receivers	788	1
Textile yarn	648	1
Tools for use in the hand or in machines	393	1
Tractors, track-laying & wheeled	324	—
Wood, sawn or chipped lengthwise, sliced or peeled	500	1
Woven cotton fabrics (excl. narrow or special fabrics)	303	—
Woven fabrics of man-made textile material (excl. narrow or special fabrics)	492	1
Total major commodities(a)	49 749	67
<b>Total imports</b>	<b>74 634</b>	<b>100</b>

(a) Excludes commodities subject to a 'No Commodity Details' restriction. For further information see paragraph 29 of the Explanatory Notes in *International Merchandise Trade, Australia* (5422.0).

Source: *Unpublished International Merchandise Trade data*.

### 26.17 Merchandise exports and imports by commodity (\$ million)

Commodity description	1992-93		1993-94		1994-95	
	Exports	Imports	Exports	Imports	Exports	Imports
<b>Food &amp; live animals</b>						
Live animals other than fish, crustaceans, molluscs & aquatic invertebrates	247	60	323	77	452	101
Meat & meat preparations	3 744	33	4 044	46	3 653	47
Dairy products & birds' eggs	1 102	159	1 287	161	1 413	173
Fish, crustaceans, molluscs & aquatic invertebrates, & preparations thereof	952	500	1 115	542	1 143	609
Cereals & cereal preparations(a)	2 953	136	3 206	143	2 521	207
Vegetables & fruit(a)	872	470	932	515	872	534
Sugars, sugar preparations & honey	1 074	77	1 316	67	1 729	86
Coffee, tea, cocoa, spices & manufactures thereof	125	337	166	383	173	505
Feeding stuff for animals (excl. unmilled cereals)(a)	467	67	385	102	387	109
Miscellaneous edible products & preparations	144	389	194	441	207	451
Total(a)	11 679	2 228	12 967	2 478	12 549	2 821
<b>Beverages &amp; tobacco</b>						
Beverages	385	319	474	332	506	336
Tobacco & tobacco manufactures	32	119	32	135	43	186
Total	417	438	506	467	550	522
<b>Crude materials, inedible, except fuels</b>						
Hides, skins & furskins, raw	388	5	392	3	486	4
Oil seeds & oleaginous fruits	80	68	121	81	110	133
Crude rubber (incl. synthetic & reclaimed)	11	104	10	117	12	153
Cork & wood	465	571	519	659	633	613
Pulp & waste paper	12	157	16	126	44	160
Textile fibres & their wastes (not manufactured into yarn or fabric)	4 017	144	3 977	162	4 589	188
Crude fertilisers & crude minerals (excl. coal, petroleum & precious stones)(b)	369	147	358	141	367	182
Metalliferous ores & metal scrap(c)	7 572	165	7 315	141	7 600	169
Crude animal & vegetable materials, n.e.s.	197	146	208	165	226	193
Total(b)(c)	13 112	1 506	12 917	1 595	14 066	1 794
<b>Mineral fuels, lubricants &amp; related materials</b>						
Coal, coke & briquettes	7 623	7	7 255	27	6 939	22
Petroleum, petroleum products & related materials(b)	3 244	3 829	2 676	3 392	2 951	3 608
Gas, natural & manufactured	1 236	21	1 185	23	1 355	38
Total(b)	12 102	3 857	11 116	3 441	11 244	3 668
<b>Animal &amp; vegetable oils, fats &amp; waxes</b>						
Animal oils & fats	156	2	170	3	220	3
Fixed vegetable fats & oils, crude, refined or fractionated (a)(b)	4	171	7	181	4	208
Fats & oils (processed), waxes & inedible mixtures of animal or vegetable origin, n.e.s.	31	17	31	18	38	20
Total(a)(b)	192	190	207	203	262	232
<b>Chemical &amp; related products, n.e.s.</b>						
Organic chemicals(a)(b)	88	1 402	81	1 615	85	1 795
Inorganic chemicals(a)(b)	197	655	257	488	309	639
Dyeing, tanning & colouring materials	328	320	363	340	401	372
Medicinal & pharmaceutical products(a)	564	1 393	701	1 427	768	1 562
Essential oils & resinoids & perfume materials; toilet, polishing & cleansing preparations	172	463	208	527	257	568
Fertilisers (excl. crude)	12	351	19	394	24	535
Plastics in primary forms(a)(b)	210	706	201	741	282	923
Plastics in non-primary forms(b)	100	562	113	635	143	719
Chemical materials & products, n.e.s.	324	773	408	878	401	897
Total(a)(b)	1 996	6 625	2 351	7 045	2 671	8 010

For footnotes see end of table.

...continued

**26.17 Merchandise exports and imports by commodity — continued**  
**(\$ million)**

Commodity description	1992-93		1993-94		1994-95	
	Exports	Imports	Exports	Imports	Exports	Imports
<b>Manufactured goods classified chiefly by material</b>						
Leather, leather manufactures, & dressed furskins, n.e.s.	284	134	368	146	515	166
Rubber manufactures, n.e.s.(b)	108	812	120	954	145	1 045
Cork & wood manufactures (excl. furniture)(a)	66	259	92	288	98	329
Paper, paperboard & articles of paper pulp, of paper or of paperboard(b)	259	1 419	258	1 518	267	1 859
Textile yarn, fabrics, made-up articles, n.e.s., & related products	307	2 144	385	2 246	464	2 455
Non-metallic mineral manufactures, n.e.s.(a)(b)	558	1 033	666	1 080	737	1 214
Iron & steel	1 211	945	1 496	1 041	1 579	1 287
Non-ferrous metals(a)(b)	3 996	465	3 900	498	4 509	679
Manufactures of metals, n.e.s.(b)	551	1 569	625	1 674	693	1 876
Total(a)(b)	7 341	8 779	7 911	9 445	9 006	10 910
<b>Machinery &amp; transport equipment</b>						
Power generating machinery & equipment	615	1 605	586	1 690	724	1 769
Machinery specialised for particular industries	695	2 646	822	3 061	919	3 790
Metal working machinery	105	288	92	378	140	573
General industrial machinery & equipment, & machine parts,(n.e.s.)(b)	719	3 110	891	3 638	940	4 301
Office machines & automatic data processing machines	995	4 239	1 370	4 828	1 587	5 728
Telecommunications & sound recording & reproducing apparatus & equipment	502	2 347	674	2 538	540	3 362
Electrical machinery, apparatus, appliances, parts	763	3 362	968	4 051	1 220	4 909
Road vehicles (incl. air-cushion vehicles)	989	6 161	1 074	7 108	1 080	8 677
Transport equipment (excl. road vehicles)	1 031	2 154	1 024	1 620	926	2 050
Total(b)	6 415	25 911	7 502	28 911	8 076	35 158
<b>Miscellaneous manufactured articles</b>						
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings, n.e.s.	63	177	45	191	52	218
Furniture, parts thereof; bedding mattresses, mattress supports	64	350	71	396	76	444
Travel goods, handbags & similar containers	7	270	9	286	15	338
Articles of apparel & clothing accessories	199	1 330	247	1 480	302	1 637
Footwear	41	512	61	512	58	570
Professional, scientific & controlling instruments & apparatus, n.e.s.	395	1 569	416	1 707	442	1 834
Photographic apparatus, equipment & supplies & optical goods, n.e.s.; watches & clocks(b)	397	977	460	1 066	509	1 207
Miscellaneous manufactured articles, n.e.s.	722	3 733	798	4 160	852	4 462
Total(b)	1 887	8 918	2 106	9 798	2 306	10 709
<b>Commodities &amp; transactions n.e.c.</b>						
Special transactions & commodities not classified according to kind	219	30	348	31	412	25
Gold coin whether or not legal tender, & other coin being legal tender	267	2	253	1	206	2
Coin (excl. gold coin) not being legal tender	1	—	1	—	1	—
Gold non-monetary (excl. gold ores & concentrates)	4 315	1 021	5 295	981	4 820	710
Combined confidential items of trade(d)(e)	759	69	1 095	72	896	59
Total(d)(e)	5 562	1 122	6 991	1 086	6 334	797
<b>Total</b>	<b>60 702</b>	<b>59 575</b>	<b>64 574</b>	<b>64 470</b>	<b>67 063</b>	<b>74 621</b>

(a) Excludes exports commodities subject to a confidentiality restriction. (b) Excludes imports commodities subject to a confidentiality restriction. (c) Excludes some commodities subject to a 'No Commodity Details' restriction. (d) Includes exports and imports 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 and also includes \$10 million of exports for June 1995 which cannot be allocated to commodity classification codes.

Source: *Unpublished International Merchandise Trade data.*



## 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 and New Zealand Standard Industrial Classification (ANZSIC). The statistics are

compiled by allocating international trade data for a commodity to an ANZSIC industry of origin category based upon the industry with which that commodity is primarily associated.

### 26.18 Merchandise exports by industry of origin

ANZSIC Division/subdivision	1992-93		1993-94		1994-95	
	\$m	%	\$m	%	\$m	%
<b>Agriculture, forestry &amp; fishing</b>						
Agriculture	5 554	9	5 848	9	5 696	8
Services to agriculture; hunting & trapping	798	1	780	1	724	1
Forestry & logging	27	—	45	—	34	—
Commercial fishing	348	1	421	1	534	1
<b>Total</b>	<b>6 727</b>	<b>11</b>	<b>7 093</b>	<b>11</b>	<b>6 988</b>	<b>10</b>
<b>Mining</b>						
Coal mining	7 542	12	7 184	11	6 895	10
Oil & gas extraction	3 038	5	2 535	4	2 999	4
Metal ore mining	4 655	8	4 572	7	4 788	7
Other mining	221	—	263	—	236	—
<b>Total</b>	<b>15 456</b>	<b>25</b>	<b>14 554</b>	<b>23</b>	<b>14 918</b>	<b>22</b>
<b>Manufacturing</b>						
Food, beverage & tobacco	9 258	15	10 349	16	10 626	16
Textile, clothing, footwear & leather	1 984	3	2 211	3	2 743	4
Wood & paper products	764	1	824	1	995	1
Printing, publishing & recorded media	314	1	345	1	358	1
Petroleum, coal, chemical & associated products	6 124	10	6 305	10	6 624	10
Non-metallic mineral products	249	—	268	—	307	—
Metal products	11 075	18	12 185	19	12 513	19
Machinery & equipment	7 269	12	8 430	13	9 092	14
Other manufacturing	404	1	491	1	500	1
<b>Total</b>	<b>37 442</b>	<b>62</b>	<b>41 407</b>	<b>64</b>	<b>43 758</b>	<b>65</b>
<b>Other industries(a)</b>	<b>1 077</b>	<b>2</b>	<b>1 521</b>	<b>2</b>	<b>1 399</b>	<b>2</b>
<b>Total trade</b>	<b>60 702</b>	<b>100</b>	<b>64 574</b>	<b>100</b>	<b>67 063</b>	<b>100</b>

(a) Includes revisions for \$62 million in exports for November 1992 resulting from the omission of certain export entries for that month and also includes \$10 million of exports for June 1995 which cannot yet be allocated to commodity classification codes.

Source: Unpublished International Merchandise Trade data.

**26.19 Merchandise imports by industry of origin**

ANZSIC Division/subdivision	1992-93		1993-94		1994-95	
	\$m	%	\$m	%	\$m	%
<b>Agriculture, forestry &amp; fishing</b>						
Agriculture	434	1	509	1	785	1
Services to agriculture; hunting & trapping	9	—	10	—	9	—
Forestry & logging	4	—	4	—	5	—
Commercial fishing	20	—	21	—	26	—
<b>Total</b>	<b>467</b>	<b>1</b>	<b>544</b>	<b>1</b>	<b>824</b>	<b>1</b>
<b>Mining</b>						
Coal mining	4	—	15	—	11	—
Oil & gas extraction	2 279	4	2 297	4	2 514	3
Metal ore mining	130	—	117	—	130	—
Other mining	145	—	143	—	157	—
<b>Total</b>	<b>2 558</b>	<b>4</b>	<b>2 572</b>	<b>4</b>	<b>2 812</b>	<b>4</b>
<b>Manufacturing</b>						
Food, beverage & tobacco	2 606	4	2 848	4	3 104	4
Textile, clothing, footwear & leather	4 449	7	4 736	7	5 233	7
Wood & paper products	2 278	4	2 455	4	2 808	4
Printing, publishing & recorded media	1 421	2	1 628	3	1 663	2
Petroleum, coal, chemical & associated products	9 946	17	10 184	16	11 382	15
Non-metallic mineral products	878	1	941	1	1 059	1
Metal products	4 406	7	4 663	7	5 103	7
Machinery & equipment	28 654	48	31 868	49	38 485	52
Other manufacturing	1 677	3	1 788	3	1 914	3
<b>Total</b>	<b>56 316</b>	<b>95</b>	<b>61 112</b>	<b>95</b>	<b>70 751</b>	<b>95</b>
<b>Other industries(a)</b>	<b>235</b>	<b>—</b>	<b>241</b>	<b>—</b>	<b>247</b>	<b>—</b>
<b>Total trade</b>	<b>59 575</b>	<b>100</b>	<b>64 470</b>	<b>100</b>	<b>74 634</b>	<b>100</b>

(a) Includes commodities subject to a 'No Commodity Details' restriction. See the paragraph 'Confidentiality' in the explanatory notes, found in the June 1995 edition of *International Merchandise Trade, Australia* (5422.0).

Source: *Unpublished International Merchandise Trade data*.

## 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 1994-95, services trade accounted for exports of \$20,373 million and imports of \$21,122 million, 23% and 22% of all exports and imports of goods and services, respectively. Table 26.20 provides details of this trade in services.

As shown in table 26.21, the main destinations for services exports in 1993-94

(regional data is not yet available for 1994-95) were: Japan (17%), USA (13%), UK (9%), New Zealand (6%) and Singapore (6%), significant growth has been recorded in services exports to Japan, USA and Singapore since 1988-89. As shown in table 26.22, the main source countries for service imports in 1993-94 were: UK (17%), USA (14%), Japan (8%), New Zealand (5%), Europe n.e.s. (5%) and Singapore (5%), significant growth has been recorded in services imports from USA and UK since 1988-89.

**26.20 International trade in services**  
(\$ million)

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
<b>Credits</b>						
<b>Shipment</b>						
Freight on exports	905	1 017	1 100	1 229	1 475	1 521
Insurance on exports	12	12	12	12	12	12
Total	917	1 029	1 112	1 241	1 487	1 533
<b>Other transportation</b>						
Passenger services	1 363	1 594	1 782	2 141	2 307	n.p.
Port services etc.	2 039	2 217	2 287	2 473	2 297	n.p.
Total	3 402	3 811	4 069	4 614	4 604	4 557
<b>Travel</b>						
Student's expenditure	878	960	1 115	1 336	1 515	1 701
Other	3 761	4 391	4 824	5 075	5 987	7 044
Total	4 639	5 351	5 939	6 411	7 502	8 745
<b>Other services</b>						
Official	278	309	257	276	344	315
Non-official						
Financial services	191	249	302	264	424	390
Insurance services n.e.c.	110	229	121	172	662	781
Other(a)	2 880	3 144	3 323	3 444	3 665	4 052
Total	3 459	3 931	4 003	4 156	5 095	5 538
<b>Total credits</b>	<b>12 417</b>	<b>14 122</b>	<b>15 123</b>	<b>16 422</b>	<b>18 688</b>	<b>20 373</b>
<b>Debits</b>						
<b>Shipment</b>						
Freight on imports	-3 419	-3 164	-3 233	-3 748	-3 830	-4 390
Insurance on imports	-24	-24	-24	-24	-24	-24
Total	-3 443	-3 188	-3 257	-3 772	-3 854	-4 414
<b>Other transportation</b>						
Passenger services	-2 223	-2 292	-2 464	-2 515	-2 521	-2 726
Port services etc.	-1 835	-1 864	-1 968	-2 122	-2 385	-2 503
Total	-4 058	-4 156	-4 432	-4 637	-4 906	-5 229
<b>Travel</b>						
Student's expenditure	-276	-291	-320	-333	-335	-415
Other	-4 523	-4 536	-4 306	-4 652	-4 822	-5 356
Total	-4 799	-4 827	-4 626	-4 985	-5 157	-5 771
<b>Other services</b>						
Official	-385	-447	-387	-429	-420	-411
Non-official						
Financial services	-137	-241	-193	-151	-206	-244
Insurance services n.e.c.	-245	-278	-407	-666	-1 012	-1 164
Other	-3 493	-3 576	-3 633	-3 790	-3 942	-3 889
Total	-4 260	-4 542	-4 620	-5 036	-5 580	-5 708
<b>Total debits</b>	<b>-16 560</b>	<b>-16 713</b>	<b>-16 935</b>	<b>-18 430</b>	<b>-19 497</b>	<b>-21 122</b>
<b>Balance</b>						
<b>Shipment</b>						
Freight on exports	-2 514	-2 147	-2 133	-2 519	-2 355	-2 869
Insurance on exports	-12	-12	-12	-12	-12	-12
Total	-2 526	-2 159	-2 145	-2 531	-2 367	-2 881
<b>Other transportation</b>						
Passenger services	-860	-698	-682	-374	-214	n.p.
Port services etc.	204	353	319	351	-88	n.p.
Total	-656	-345	-363	-23	-302	-672

For footnotes see end of table.

...continued

**26.20 International trade in services — continued**  
**(\$ million)**

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
<i>Balance — (continued)</i>						
<b>Travel</b>						
Student's expenditure	602	669	795	1 003	1 180	1 286
Other	-762	-145	518	423	1 165	1 688
Total	-160	524	1 313	1 426	2 345	2 974
<b>Other services</b>						
Official	-107	-138	-130	-153	-76	-96
Non-official						
Financial services	54	8	109	113	218	146
Insurance services n.e.c.	-135	-49	-286	-494	-350	-383
Other(a)	-613	-432	-310	-346	-277	163
Total	-801	-611	-617	-880	-485	-170
<b>Total</b>	<b>-4 143</b>	<b>-2 591</b>	<b>-1 812</b>	<b>-2 008</b>	<b>-809</b>	<b>-749</b>

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

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

### 26.21 Services credits (\$ million)

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
<b>Countries</b>						
Belgium & Luxembourg	60	62	43	41	34	36
Canada	218	174	262	247	206	288
Central America & Caribbean, excluding Mexico	23	20	65	101	16	25
China, People's Republic of	202	305	255	202	270	287
Fiji	135	116	176	137	148	150
France	94	109	130	117	179	223
Germany(a)	340	334	417	464	480	548
Greece	61	66	70	50	57	70
Hong Kong	370	468	572	645	740	813
Indonesia	258	303	387	404	510	608
Ireland, Republic of	30	36	34	34	38	44
Italy	140	142	146	209	174	195
Japan	1 874	2 208	2 637	3 092	3 131	3 241
Korea, Republic of	117	144	186	258	311	462
Malaysia	328	343	427	537	554	649
Mexico	3	3	3	4	4	5
Netherlands	134	143	130	145	192	180
New Zealand	1 429	1 298	1 318	1 103	1 044	1 082
Papua New Guinea	327	259	243	273	304	330
Philippines	100	103	132	146	145	157
Russian Federation(b)	54	61	68	72	84	94
Singapore	391	473	633	674	880	1 037
South Africa	31	34	30	54	83	119
Sweden	103	91	74	80	69	81
Switzerland	111	119	163	168	203	206
Taiwan	115	136	180	253	388	489
Thailand	137	158	191	235	277	334
United Kingdom	1 365	1 456	1 513	1 716	1 636	1 717
United States of America	1 645	1 734	2 014	1 928	2 071	2 341
Africa n.e.s.	98	100	154	87	144	209
America n.e.s.	46	50	35	45	68	102
Asia n.e.s.	300	355	362	425	547	652
Europe n.e.s.	292	308	286	289	503	721
Oceania n.e.s.	178	183	176	206	223	280
International capital markets	—	—	—	—	—	—
International institutions	1	1	1	—	6	2
Unallocated	444	521	609	682	703	911
<b>Total all countries</b>	<b>11 555</b>	<b>12 417</b>	<b>14 122</b>	<b>15 123</b>	<b>16 422</b>	<b>18 688</b>
<b>Country groups(c)</b>						
APEC	7 526	8 136	9 460	10 038	10 865	12 177
ASEAN	1 226	1 407	1 790	2 033	2 396	2 839
EU	2 299	2 423	2 538	2 862	2 917	3 189
OECD	7 808	8 185	9 153	9 612	9 813	10 602
OPEC	301	363	450	438	587	708

(a) Prior to 1990-91, the former Germany, Democratic Republic is included in Europe n.e.s. (b) The remaining republics of the former USSR have been included in either Europe n.e.s. or Asia n.e.s. from 1992-93 onwards. (c) APEC includes Brunei, Canada, China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand and United States of America. ASEAN includes Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand. EU includes Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and United Kingdom. OECD includes Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Monaco, New Zealand, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States of America. OPEC includes Algeria, Ecuador, Gabon, Indonesia, Iran, Kuwait, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

Source: *Balance of Payments and International Investment Position, Australia, 1993-94* (5363.0).

### 26.22 Services debits (\$ million)

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Countries						
Belgium & Luxembourg	103	98	81	56	133	121
Canada	178	208	220	286	266	361
Central America & Caribbean, excluding Mexico	90	129	167	216	146	204
China, People's Republic of	142	135	131	109	324	335
Fiji	286	352	362	143	153	167
France	184	258	232	246	232	257
Germany(a)	476	607	640	702	588	556
Greece	193	216	210	225	245	295
Hong Kong	762	822	797	718	808	840
Indonesia	235	282	275	354	516	526
Ireland, Republic of	38	41	38	63	74	79
Italy	320	360	355	483	375	387
Japan	1 141	1 275	1 296	1 599	1 355	1 494
Korea, Republic of	84	87	98	87	245	278
Malaysia	258	276	313	319	465	505
Mexico	4	4	5	11	14	15
Netherlands	261	298	281	306	405	435
New Zealand	1 045	1 192	1 134	1 011	896	1 033
Papua New Guinea	157	157	163	104	106	147
Philippines	150	163	150	130	156	154
Russian Federation(b)	112	117	157	138	241	241
Singapore	835	833	913	841	978	914
South Africa	35	43	40	36	53	89
Sweden	63	142	115	95	143	105
Switzerland	116	119	86	102	240	281
Taiwan	80	94	91	139	198	211
Thailand	251	309	329	306	334	336
United Kingdom	2 560	2 665	2 598	2 764	2 968	3 315
United States of America	2 364	2 991	3 282	2 618	2 928	2 811
Africa n.e.s.	109	124	157	189	132	183
America n.e.s.	62	78	78	88	124	112
Asia n.e.s.	437	541	484	549	731	768
Europe n.e.s.	655	763	653	1 061	980	1 019
Oceania n.e.s.	266	330	338	154	207	201
International capital markets	1	1	—	—	—	—
International institutions	1	3	—	3	1	2
Unallocated	179	447	444	684	670	720
Total all countries	14 233	16 560	16 713	16 935	18 430	19 497
Country groups(c)						
APEC	7 693	8 846	9 217	8 648	9 600	9 982
ASEAN	1 736	1 881	2 000	1 966	2 460	2 457
EU	4 250	4 663	4 495	4 954	5 150	5 604
OECD	9 469	10 946	11 000	11 261	11 348	12 092
OPEC	269	331	336	421	625	646

(a) Prior to 1990-91, the former Germany, Democratic Republic is included in Europe n.e.s. (b) The remaining republics of the former USSR have been included in either Europe n.e.s. or Asia n.e.s. from 1992-93 onwards. (c) APEC includes Brunei, Canada, China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan, Thailand and United States of America. ASEAN includes Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand. EU includes Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and United Kingdom. OECD includes Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Monaco, New Zealand, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States of America. OPEC includes Algeria, Ecuador, Gabon, Indonesia, Iran, Kuwait, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

Source: *Balance of Payments and International Investment Position, Australia, 1993-94* (5363.0).

## 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.
- *Re-investment of earnings* of direct investors refers to income retained from after tax profits attributable to direct investors.

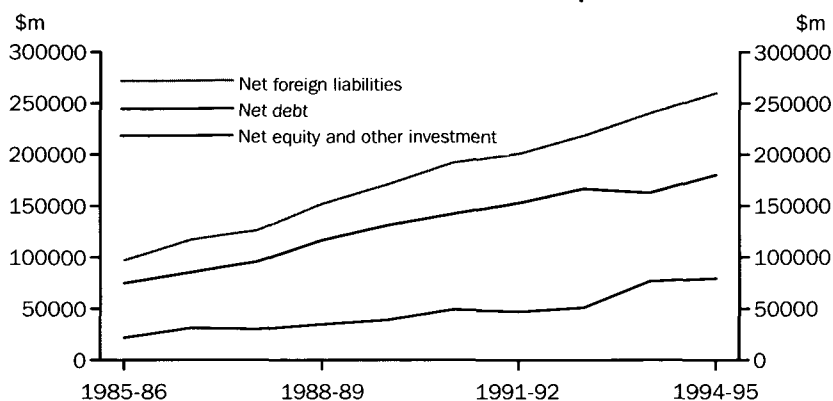
### International investment position

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 26.24 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 1995 totalled \$259,922 million, up 8% on 30 June 1994. The rise in Australia's net foreign liabilities since 30 June 1994 was the net effect of rises of \$25,056 million in the level of foreign investment in Australia and \$5,212 million in the level of Australian investment abroad. Of the rise in the level of foreign investment in Australia, \$16,649 million (66%) was attributable to foreign borrowing.

## 26.23 Net international investment position

26.24 International investment position and income  
(\$ million)

Changes in levels of investment during the year								
Year	Levels of investment at beginning of year	Reinvestment of earnings of direct investors	Other transactions	Exchange rate variations	Other changes	Total	Levels of investment at end of year	Investment income(a)
Foreign investment in Australia								
Equity								
1992-93	110 866	2 384	8 303	55	483	11 225	122 091	6 552
1993-94	122 091	4 243	18 249	86	10 387	32 966	155 057	8 645
1994-95	155 057	5 800	5 491	172	-2 310	9 153	164 210	12 058
Borrowing								
1992-93	191 268	..	7 641	9 399	113	17 153	208 420	11 344
1993-94	208 420	..	7 508	-6 239	-3 762	-2 493	205 927	10 938
1994-95	205 927	..	10 139	5 624	886	16 649	222 576	11 465
Other investment								
1992-93	6 841	..	562	53	-582	33	6 874	92
1993-94	6 874	..	903	-66	1 567	2 404	9 278	94
1994-95	9 278	..	-328	-3	-415	-747	8 532	14
<b>Total</b>								
1992-93	308 975	2 384	16 506	9 507	14	28 411	337 386	17 988
1993-94	337 386	4 243	26 660	-6 219	8 192	32 876	370 262	19 677
1994-95	370 262	5 800	15 302	5 793	-1 840	25 056	395 318	23 538
Australian investment abroad								
Equity								
1992-93	63 845	2 045	1 590	3 046	-205	6 476	70 321	2 901
1993-94	70 321	2 661	5 970	-3 613	2 955	7 972	78 293	3 425
1994-95	78 293	3 500	421	3 637	-1 039	6 519	84 813	4 295
Reserve assets								
1992-93	22 240	..	-3 950	1 705	828	-1 417	20 823	1 465
1993-94	20 823	..	1 054	-976	-240	-162	20 661	853
1994-95	20 661	..	-1 971	1 308	186	-477	20 184	989

For footnotes see end of table.

...continued



### 26.24 International investment position and income (\$ million) — *continued*

Year	Changes in levels of investment during the year					Total	Levels of investment at end of year	Investment income(a)
	Levels of investment at beginning of year	Reinvestment of earnings of direct investors	Other transactions	Exchange rate variations	Other changes			
Australian investment abroad — (continued)								
Lending								
1992–93	15 463	..	3 054	1 491	270	4 815	20 278	699
1993–94	20 278	..	3 390	–1 041	–598	1 751	22 029	815
1994–95	22 029	..	–1 167	1 019	27	–121	21 908	721
Other investment								
1992–93	6 603	..	220	173	486	879	7 482	21
1993–94	7 482	..	1 506	–83	295	1 717	9 200	31
1994–95	9 200	..	–978	92	178	–709	8 491	47
Total								
1992–93	108 151	2 045	914	6 415	1 379	10 753	118 904	5 085
1993–94	118 904	2 661	11 919	–5 714	2 413	11 278	130 183	5 125
1994–95	130 183	3 500	–3 695	6 056	–648	5 212	135 395	6 051
International investment position(b)								
Net equity								
1992–93	47 020	339	6 713	–2 991	688	4 749	51 770	3 652
1993–94	51 770	1 583	12 279	3 700	7 432	24 993	76 763	5 219
1994–95	76 763	2 300	5 069	–3 465	–1 271	2 634	79 397	7 764
Net foreign debt(c)								
1992–93	153 565	..	8 537	6 202	–985	13 755	167 320	9 180
1993–94	167 320	..	3 064	–4 221	–2 925	–4 082	163 237	9 270
1994–95	163 237	..	13 277	3 297	673	17 247	180 484	9 756
Other investment								
1992–93	238	..	342	–120	–1 068	–846	–608	71
1993–94	–608	..	–602	17	1 272	687	79	63
1994–95	79	..	650	–95	–593	–38	41	–33
Total								
1992–93	200 824	339	15 592	3 092	–1 364	17 658	218 481	12 903
1993–94	218 481	1 583	14 740	–503	5 779	21 598	240 079	14 552
1994–95	240 079	2 300	18 997	–263	–1 191	19 843	259 922	17 487

(a) Investment income is calculated before the deduction of withholding tax. Includes reinvested earnings of direct investors.

(b) Australia's net international investment position equals foreign investment in Australia less Australian investment abroad.

(c) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

Source: *International Investment Position, Australia, June Quarter 1995* (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 26.25 shows, the level of net foreign debt at 30 June 1995 was \$180,484 million, up 11% on 30 June 1994. The increase during 1994–95 resulted from net capital transactions of \$13,277 million, exchange rate variations of \$3,297 million and other factors of \$673 million.

Table 26.25 also shows that net foreign debt of the public sector (official sector plus public trading and financial enterprises) rose by 10% during 1994-95, reaching \$71,729 million at 30 June 1995 and accounting for 40% of total net foreign debt at that date. Net foreign debt of

the private sector increased by 11% to \$108,756 million. The increase in total net foreign debt was attributable to the official sector and financial enterprises, with trading enterprises recording a small decrease.

### 26.25 Levels of foreign debt (\$ million)

Year						At 30 June
	1990	1991	1992	1993	1994	1995
<i>Foreign borrowing (gross debt)(a)</i>						
<b>Official</b>						
Commonwealth government & Reserve Bank	19 654	17 429	16 848	21 469	22 913	27 929
State government	19 788	24 435	28 425	37 963	39 560	48 473
Total official	39 443	41 864	45 273	59 432	62 472	76 402
<b>Non-official</b>						
Financial enterprises						
Public sector	20 224	20 205	21 105	23 047	23 144	16 099
Private sector	43 574	56 311	63 244	64 321	67 573	82 681
Total	63 798	76 517	84 349	87 368	90 717	98 780
Trading enterprises						
Public sector	12 301	13 331	12 423	11 582	9 294	8 776
Private sector	47 228	47 539	49 222	50 038	43 443	38 619
Total	59 529	60 870	61 645	61 620	52 737	47 394
Total non-official	123 327	137 386	145 995	148 989	143 455	146 174
<b>Total</b>	<b>162 770</b>	<b>179 251</b>	<b>191 268</b>	<b>208 420</b>	<b>205 927</b>	<b>222 576</b>
<b>Public sector</b>						
Official	39 443	41 864	45 273	59 432	62 472	76 402
Non-official	32 525	33 536	33 529	34 630	32 438	24 875
Total	71 968	75 400	78 802	94 062	94 910	101 276
<b>Private sector</b>	<b>90 802</b>	<b>103 850</b>	<b>112 466</b>	<b>114 359</b>	<b>111 017</b>	<b>121 300</b>
<i>Australian lending abroad &amp; reserve assets</i>						
<b>Official</b>						
Reserve assets	21 871	24 047	22 240	20 823	20 661	20 184
Lending	770	452	175	140	661	58
Total official	22 641	24 499	22 415	20 963	21 322	20 242
<b>Non-official</b>						
Financial enterprises	10 457	10 401	13 607	16 195	18 839	20 872
Trading enterprises	-2 082	1 569	1 680	3 942	2 529	978
Total non-official	8 375	11 970	15 288	20 138	21 368	21 850
<b>Total</b>	<b>31 016</b>	<b>36 468</b>	<b>37 703</b>	<b>41 101</b>	<b>42 690</b>	<b>42 092</b>
<b>Public sector</b>						
Official	22 641	24 499	22 415	20 963	21 322	20 242
Non-official	5 925	5 494	7 963	8 378	8 134	9 305
Total	28 566	29 993	30 377	29 341	29 456	29 548
<b>Private sector</b>	<b>2 450</b>	<b>6 476</b>	<b>7 325</b>	<b>11 760</b>	<b>13 234</b>	<b>12 544</b>

For footnotes see end of table.

...continued

### 26.25 Levels of foreign debt — continued (\$ million)

Year	At 30 June					
	1990	1991	1992	1993	1994	1995
	Net foreign debt(a)(b)					
<b>Official</b>	16 802	17 366	22 858	38 469	41 151	56 159
<b>Non-official</b>						
Financial enterprises	53 341	66 116	70 742	71 173	71 878	77 908
Trading enterprises	61 611	59 301	59 965	57 678	50 208	46 417
Total non-official	114 952	125 417	130 707	128 851	122 086	124 325
<b>Total</b>	<b>131 754</b>	<b>142 782</b>	<b>153 565</b>	<b>167 320</b>	<b>163 237</b>	<b>180 484</b>
<b>Public sector</b>						
Official	16 802	17 366	22 858	38 469	41 151	56 159
Non-official	26 600	28 042	25 566	26 252	24 304	15 569
Total	43 401	45 408	48 424	64 721	65 455	71 729
<b>Private sector</b>	88 352	97 375	105 141	102 599	97 783	108 756

(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: *Balance of Payments and International Investment Position, Australia, 1993–94* (5363.0) and *International Investment Position, Australia, June Quarter 1995* (5306.0).

### International investment ratios

Table 26.26 shows that, at 30 June 1995, the ratio of Australia's net foreign liabilities to GDP was 57%. This was the highest financial year result for this ratio on record. The ratio of net foreign debt to GDP was 40%, an increase of 2 percentage points on the previous year, and the ratio of net equity and other investment to GDP was 18%.

The net debt service ratio, that is, net interest payable abroad on net foreign debt as a percentage of exports of goods and services, remained constant at 11% in 1994–95. The ratio of net investment income payable on equity and other foreign investment to exports of goods and services increased 3 percentage points to 9% over the year.

As shown in table 26.28, the ratio of net investment income payable abroad to exports of goods and services was 20% in 1994–95, an increase of 2 percentage points over the previous year.

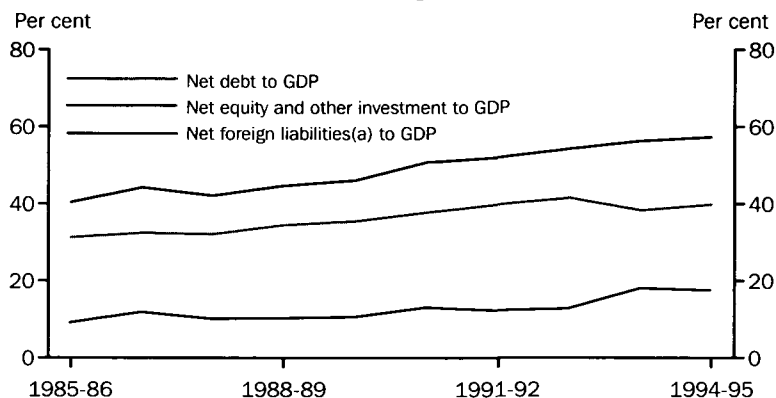
### 26.26 Net foreign liabilities — ratios to GDP

Year	Annual GDP at current prices	Net foreign liabilities at end of period (\$m)			Ratios of net foreign liabilities to GDP(a) (%)		
		Total	Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment
1989–90	371 051	170 871	131 754	39 117	46.1	35.5	10.5
1990–91	378 082	191 982	142 782	49 200	50.8	37.8	13.0
1991–92	386 056	200 824	153 565	47 259	52.0	39.8	12.2
1992–93	402 912	218 481	167 320	51 162	54.2	41.5	12.7
1993–94	426 448	240 079	163 237	76 842	56.3	38.3	18.0
1994–95	453 564	259 922	180 484	79 438	57.3	39.8	17.5

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

Source: *International Investment Position, Australia, June Quarter 1995* (5306.0).

### 26.27 Ratio of net foreign liabilities to GDP



Source: *International Investment Position Australia, June Quarter 1995 (5306.0)*.

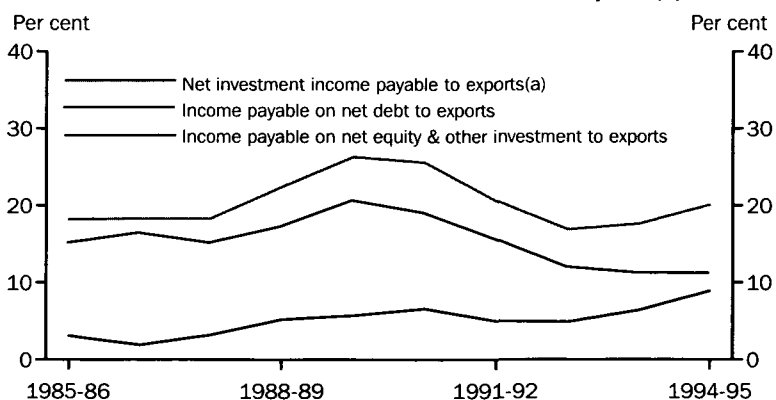
### 26.28 Net investment income — ratios to exports

Year	Exports of goods & services	Net investment income payable (\$m)			Ratios of net investment income payable to exports(a) (%)		
		Total	Foreign debt	Equity & other investment	Total	Foreign debt	Equity & other investment
1989-90	60 981	16 029	12 532	3 497	26.3	20.6	5.7
1990-91	66 277	16 950	12 568	4 382	25.6	19.0	6.6
1991-92	69 997	14 420	10 941	3 479	20.6	15.6	5.0
1992-93	76 444	12 903	9 180	3 723	16.9	12.0	4.9
1993-94	82 540	14 552	9 270	5 282	17.6	11.2	6.4
1994-95	86 869	17 487	9 756	7 731	20.1	11.2	8.9

(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, June Quarter 1995 (5306.0)*.

### 26.29 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, June Quarter, 1995 (5306.0)*.

## International investment by country

Tables 26.30 and 26.31 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 was the leading investor country at 30 June 1995, with \$89,352 million (23%) of

the total stock of foreign investment in Australia, followed by the United Kingdom with \$72,376 million and Japan with \$50,837 million. The level of borrowing raised on the international capital markets (e.g. Eurobonds and similar issues) was \$70,509 million at 30 June 1995.

As at 30 June 1994, Australian investment abroad was most substantial in the USA, with a level of \$31,449 million (24%), followed by the United Kingdom with \$25,426 million, Japan with \$10,672 million and New Zealand with \$8,459 million.

**26.30 Foreign investment in Australia, by country**  
(\$ million)

Country of investor	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
<b>Capital transactions</b>						
<b>OECD</b>						
USA	1 899	6 769	4 313	10 406	10 967	390
Japan	7 901	2 085	-250	-3 161	-1 643	-264
Switzerland	485	-936	-237	22	312	-105
EU						
UK	113	5 225	1 824	3 624	8 759	554
Other(a)	690	-638	-1 005	782	4 522	2 109
Total EU	803	4 587	819	4 406	13 281	2 664
Other OECD	174	1 987	411	833	1 433	-115
Total OECD	11 262	14 492	5 056	12 506	24 349	2 569
<b>ASEAN</b>	645	-1 084	669	-1 136	969	-948
<b>Other countries(b)</b>	659	1 831	2 328	1 721	3 725	-1 772
<b>International capital markets</b>	10 242	3 614	5 489	6 066	325	11 226
<b>International institutions</b>	-30	757	82	-954	12	321
<b>Unallocated</b>	2 060	2 293	1 766	687	1 523	9 706
<b>Total</b>	24 838	21 903	15 390	18 890	30 903	21 102
<b>APEC</b>	10 512	12 063	7 354	8 711	14 537	-2 240
<b>Investment income</b>						
<b>OECD</b>						
USA	4 357	3 971	3 158	4 959	6 080	3 936
Japan	3 633	3 147	2 893	2 225	2 163	2 090
Switzerland	541	479	406	477	501	312
EU						
UK	3 287	3 026	2 719	3 166	3 707	2 815
Other(a)	1 430	998	953	1 084	1 383	945
Total EU	4 717	4 024	3 672	4 251	5 090	3 760
Other OECD	373	150	77	606	349	285
Total OECD	13 621	11 771	10 206	12 518	14 183	10 382
<b>ASEAN</b>	691	545	355	376	277	228
<b>Other countries(b)</b>	624	986	784	909	713	693
<b>International capital markets</b>	4 024	4 950	4 571	3 337	3 712	3 939
<b>International institutions</b>	34	39	25	40	35	-16
<b>Unallocated</b>	999	1 887	2 178	808	758	8 312
<b>Total</b>	19 993	20 178	18 119	17 988	19 677	23 538
<b>APEC</b>	n.a.	n.a.	n.a.	n.a.	n.a.	7 086

For footnotes see end of table.

...continued

### 26.30 Foreign investment in Australia, by country (\$ million) — *continued*

Country of investor	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Levels of investment at 30 June						
<b>OECD</b>						
USA	47 414	54 916	57 832	74 048	85 217	89 352
Japan	47 834	51 019	52 387	51 377	48 904	50 837
Switzerland	7 530	7 242	6 612	8 102	8 237	8 317
EU						
UK	50 639	54 435	59 569	63 151	74 488	72 376
Other(a)	22 141	21 394	21 940	22 675	30 299	33 424
Total EU	72 780	75 829	81 509	85 826	104 787	105 801
Other OECD	9 774	12 237	11 909	11 039	11 899	11 151
Total OECD	185 332	201 243	210 249	230 393	259 044	265 457
<b>ASEAN</b>	7 723	6 705	8 012	7 500	9 076	8 256
<b>Other countries(b)</b>	11 715	13 189	15 963	19 928	21 803	20 654
<b>International capital markets</b>	46 632	50 743	54 321	60 706	61 136	70 509
<b>International institutions</b>	257	1 014	1 097	142	154	476
<b>Unallocated</b>	14 882	18 151	19 333	18 716	19 049	29 966
<b>Total</b>	266 541	291 045	308 975	337 386	370 262	395 318
<b>APEC</b>	119 203	133 429	141 702	159 106	171 080	175 135

(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 'EU-Other'.

Source: *International Investment Position, Australia, June Quarter 1995* (5306.0).

### 26.31 Australian investment abroad, by country (\$ million)

Country of investment	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Capital transactions						
<b>OECD</b>						
USA	5 964	2 175	276	-276	148	2 943
New Zealand	648	1 680	282	-498	1 268	55
UK	2 056	1 284	1 946	-1 136	940	3 929
Japan	598	375	3 816	4 032	3 617	3 723
Other OECD(a)(b)	1 734	677	2 271	-4 735	-5 113	697
Total OECD	11 000	6 191	8 591	-2 613	860	11 347
<b>ASEAN</b>	801	775	-259	388	748	473
<b>Papua New Guinea</b>	178	157	129	145	155	130
<b>Other countries(c)</b>	-566	-363	-4 076	1 702	322	-98
<b>Reserve Bank gold(d)</b>	—	—	—	—	-19	—
<b>Unallocated</b>	1 315	-1 009	-41	57	894	2 728
<b>Total</b>	<b>12 728</b>	<b>5 751</b>	<b>4 344</b>	<b>-321</b>	<b>2 960</b>	<b>14 580</b>
Investment income						
<b>OECD</b>						
USA	1 159	1 956	1 264	879	1 646	868
New Zealand	307	337	237	306	258	533
UK	710	-93	15	620	839	1 826
Japan	73	95	189	113	90	13
Other OECD(a)(b)	618	249	916	955	1 327	996
Total OECD	2 867	2 544	2 621	2 873	4 160	4 236
<b>ASEAN</b>	139	220	127	118	249	212
<b>Papua New Guinea</b>	81	-10	207	227	224	257
<b>Other countries(c)</b>	571	909	76	131	351	188
<b>Reserve Bank gold(d)</b>	—	—	—	—	—	—
<b>Unallocated</b>	253	300	197	350	101	232
<b>Total</b>	<b>3 911</b>	<b>3 963</b>	<b>3 228</b>	<b>3 699</b>	<b>5 085</b>	<b>5 125</b>

For footnotes see end of table.

...continued

**26.31 Australian investment abroad, by country — continued**  
(\$ million)

Country of investment	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
Levels of investment at 30 June						
OECD						
USA	25 976	26 609	26 109	27 774	29 939	31 449
New Zealand	5 230	6 498	7 052	7 090	8 278	8 459
UK	15 461	17 899	18 800	20 206	19 902	25 426
Japan	4 428	4 894	6 220	6 049	7 461	10 672
Other OECD(a)(b)	14 325	15 230	20 128	21 662	21 729	21 248
Total OECD	65 420	71 130	78 309	82 781	87 309	97 254
ASEAN	3 088	4 425	4 045	4 919	5 979	6 583
Papua New Guinea	1 494	1 620	1 693	1 916	2 291	2 358
Other countries(c)	n.p.	n.p.	6 404	8 107	9 052	10 335
Reserve Bank gold(d)	3 861	3 541	3 804	3 639	4 448	4 208
Unallocated	n.p.	n.p.	4 808	6 789	9 825	9 443
<b>Total</b>	<b>89 417</b>	<b>95 670</b>	<b>99 063</b>	<b>108 151</b>	<b>118 904</b>	<b>130 181</b>

(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: Data is consistent with that published in *Balance of Payments and International Investment Position, Australia, 1993-94* (5363.0).

## 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 foreign investment in Australia it reflects 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.

As shown in table 26.32, when analysed by industry, the largest inflows of investment during 1993-94 were into finance, property and business services (\$11,785 million),

manufacturing (\$10,094 million), and public administration and defence (\$8,594 million). Net withdrawals of investment were recorded for a number of industries, the largest being wholesale and retail trade (\$3,406 million).

At 30 June 1994, the level of foreign investment was highest in the finance, property and business services category, with \$145,771 million (39%). This was followed by manufacturing (\$69,926 million); public administration and defence (\$56,071 million); mining (\$39,645 million); and wholesale and retail trade (\$30,027 million).

**26.32 Foreign investment in Australia, by industry(a)**  
**(\$ million)**

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
<b>Capital transactions</b>						
<b>Mining</b>						
Coal, oil & gas	650	1 471	477	-42	-634	527
Other mining	833	-87	1 223	131	942	1 187
Services to mining (incl. exploration)	65	69	-212	-212	-366	547
Total mining	1 547	1 453	1 489	-124	-59	2 261
<b>Manufacturing</b>						
Food, beverages & tobacco	1 554	4	1 659	1 251	1 213	2 723
Textiles	9	23	-83	53	39	-26
Clothing & footwear	n.p.	31	—	-4	-3	-56
Wood products & furniture	-18	2	-10	43	-62	6
Paper products & publishing	793	695	-9	-133	1 607	5 177
Chemicals, petroleum & coal product	382	304	362	100	277	99
Non-metallic mineral products	393	-78	-91	-78	66	-184
Basic metal products	n.p.	-557	-341	908	336	829
Fabricated metal products	-136	262	77	49	81	295
Transport equipment	436	-59	-325	-138	91	149
Other machinery & equipment	32	138	75	102	10	158
Miscellaneous manufacturing	1 122	1 346	345	48	412	923
Total manufacturing	5 546	2 112	1 659	2 201	4 067	10 094
<b>Other industries</b>						
Agriculture, forestry, fishing & hunting	104	151	119	-208	80	-81
Electricity, gas & water	-1 797	146	-123	-774	-699	-864
Construction	-350	-48	177	378	208	541
Wholesale & retail trade	1 935	1 383	2 285	1 800	1 169	-3 406
Transport & storage	1 324	723	928	-522	-237	454
Finance, property & business services(b)	23 990	14 114	16 066	9 022	-363	11 785
Public administration & defence(c)	-1 945	3 424	-491	2 214	13 397	8 594
Other industries(d)	909	344	592	99	622	-9
Unallocated	1 524	1 036	-798	1 304	675	1 535
Total other industries	25 695	21 273	18 755	13 313	14 852	18 549
<b>Total</b>	<b>32 788</b>	<b>24 838</b>	<b>21 903</b>	<b>15 390</b>	<b>18 890</b>	<b>30 904</b>
<b>Investment income</b>						
<b>Mining</b>						
Coal, oil & gas	584	1 099	1 182	1 010	1 430	1 459
Other mining	743	708	1 128	694	482	716
Services to mining (incl. exploration)	-17	86	12	28	65	22
Total mining	1 310	1 893	2 322	1 732	1 978	2 198
<b>Manufacturing</b>						
Food, beverages & tobacco	926	777	821	875	884	823
Textiles	26	56	12	26	22	48
Clothing & footwear	15	12	24	2	20	2
Wood products & furniture	12	10	6	6	5	8
Paper products & publishing	87	309	284	509	684	709
Chemicals, petroleum & coal product	483	411	238	238	399	489
Non-metallic mineral products	57	31	-42	-7	37	-5
Basic metal products	990	1 229	978	583	348	554
Fabricated metal products	70	60	54	40	51	108
Transport equipment	233	84	-408	-286	240	66
Other machinery & equipment	295	261	231	222	295	373
Miscellaneous manufacturing	445	568	337	324	588	415
Total manufacturing	3 640	3 807	2 535	2 531	3 573	3 592

For footnotes see end of table.

...continued



**26.32 Foreign investment in Australia, by industry(a) — continued**  
**(\$ million)**

	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
<i>Investment income — (continued)</i>						
Other industries						
Agriculture, forestry, fishing & hunting	53	12	84	22	10	-25
Electricity, gas & water	436	295	317	277	224	72
Construction	73	41	3	65	5	35
Wholesale & retail trade	1 937	2 096	1 388	628	1 256	1 516
Transport & storage	595	815	763	663	655	685
Finance, property & business services(b)	4 302	5 781	8 053	7 789	6 444	6 972
Public administration & defence(c)	3 042	3 804	3 298	3 235	2 958	3 614
Other industries(d)	121	76	115	168	-60	-12
Unallocated	823	1 370	1 301	1 008	946	1 032
Total other industries	11 381	14 292	15 322	13 857	12 439	13 890
<b>Total</b>	<b>16 331</b>	<b>19 993</b>	<b>20 178</b>	<b>18 119</b>	<b>17 990</b>	<b>19 679</b>
<i>Levels of investment at 30 June</i>						
Mining						
Coal, oil & gas	9 787	11 512	12 049	12 103	11 894	11 830
Other mining	15 663	15 561	15 428	16 380	17 834	21 565
Services to mining (incl. exploration)	3 793	4 210	4 153	3 980	5 352	6 250
Total mining	29 243	31 283	31 630	32 463	35 080	39 645
Manufacturing						
Food, beverages & tobacco	12 285	12 816	14 243	13 764	14 703	17 494
Textiles	518	398	331	385	407	563
Clothing & footwear	279	330	353	298	405	328
Wood products & furniture	56	73	61	99	77	88
Paper products & publishing	3 641	4 120	3 716	4 067	8 510	13 286
Chemicals, petroleum & coal product	5 343	5 034	4 632	5 111	5 477	6 196
Non-metallic mineral products	1 015	843	884	765	673	568
Basic metal products	11 178	10 536	11 176	12 495	13 696	13 895
Fabricated metal products	906	1 232	1 258	1 302	1 314	1 548
Transport equipment	2 335	2 406	2 533	2 880	2 653	2 946
Other machinery & equipment	2 914	2 629	2 756	2 712	3 029	3 651
Miscellaneous manufacturing	5 839	7 737	7 230	7 457	7 582	9 364
Total manufacturing	46 308	48 154	49 174	51 335	58 526	69 926
Other industries						
Agriculture, forestry, fishing & hunting	1 210	1 311	2 512	1 391	1 671	2 053
Electricity, gas & water	5 071	5 290	5 317	4 775	4 364	3 708
Construction	1 460	1 545	1 906	2 337	2 533	3 081
Wholesale & retail trade	23 733	24 780	28 475	30 532	30 929	30 027
Transport & storage	7 503	7 987	9 089	8 943	8 790	9 431
Finance, property & business services(b)	91 238	105 001	123 549	131 947	133 785	145 771
Public administration & defence(c)	28 681	32 203	33 077	36 579	52 728	56 071
Other industries(d)	3 064	3 302	4 310	5 098	5 649	5 451
Unallocated	4 021	5 686	2 006	3 575	3 331	5 096
Total other industries	165 980	187 105	210 240	225 177	243 677	260 690
<b>Total</b>	<b>241 532</b>	<b>266 541</b>	<b>291 045</b>	<b>308 975</b>	<b>337 386</b>	<b>370 262</b>

(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 : Communications, Community services and Recreation, personal and other services.

Source: *Balance of Payments and International Investment Position, Australia, 1993-94* (5363.0).

## Foreign ownership in Australia

Table 26.33 contains estimates of foreign ownership of Australian equity.

Of the total equity on issue by Australian enterprise groups at 31 December 1994, non-residents held equity valued at \$154.5 billion (35%) and residents held \$283.8 billion (65%).

When analysed by sector, it can be seen that the proportion of equity held by non-residents in private corporate trading enterprises dropped from 43% at 30 June 1991 to 40% at 30 June 1992. It has varied between 40 and 42% since then, with 42% being recorded at 31 December 1994.

The value of non-residents' equity in banks rose steadily over the period 30 June 1991 to 30 September 1994, but then declined to \$10.9 billion at 31 December 1994. As a proportion of the total equity issued by banks, foreign-owned equity rose from 20% at 30 June 1993 to 27% at 30 September 1994, but subsequently decreased, reaching 23% at 31 December 1994.

Non-resident equity holdings in non-bank deposit-taking institutions rose steadily as a proportion of the amount on issue from 21% at 30 June 1991 to 30% at 30 September 1994. This was partly due to the decrease in the level of equity on issue by these institutions. With a subsequent rise in both the amount of equity issued by the sector and in the amount of equity held by non-residents, the percentage of foreign ownership at 31 December 1994 rose to 39%.

The other financial institutions sector is largely comprised of general insurers. Foreign ownership of equity in these institutions declined from 17% at 30 June 1991 to 10% at 31 March 1994, rose to 11% at 30 June 1994 and remained at this level at 31 December 1994.

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 26.33, 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 1995 issue of *International Investment Position, Australia* (5306.0). The article includes a regional analysis and an analysis by degree of foreign influence.

## 26.33 Ownership of equity(a)

	Value of equity outstanding at end of period								
	1990-91	1991-92	1992-93	1993-94				1994-95	
				Sept.	Dec.	Mar.	June	Sept.	Dec.
All sectors									
Amount issued	317.0	338.3	378.0	416.6	456.9	451.0	446.7	454.3	438.3
Amount held by rest of world	105.4	110.9	122.1	138.0	150.5	152.5	155.1	160.9	154.5
Percentage of foreign ownership	33	33	32	33	33	34	35	35	35
Selected sub-sectors(b)									
Private corporate trading enterprises									
Amount issued(c)	211.7	235.8	259.4	293.4	324.5	316.7	319.3	331.3	312.7
Amount held by rest of the world	90.5	95.2	104.4	118.9	129.3	130.6	132.7	138.4	131.7
Percentage foreign ownership	43	40	40	41	40	41	42	42	42
Banks									
Amount issued(c)	35.2	36.1	43.6	49.3	53.0	50.7	48.5	46.3	47.4
Amount held by rest of the world	7.1	7.6	8.9	9.9	11.6	12.1	12.3	12.4	10.9
Percentage foreign ownership	20	21	20	20	22	24	25	27	23
Non-bank deposit taking institutions									
Amount issued(c)	13.4	11.7	12.7	12.4	13.0	12.8	12.7	12.7	14.2
Amount held by rest of the world	2.8	2.8	3.4	3.4	3.6	3.7	3.8	3.8	5.6
Percentage foreign ownership	21	24	27	27	28	29	30	30	39
Other financial institutions(d)									
Amount issued(c)	19.7	22.9	28.1	31.3	35.5	38.8	37.1	36.5	35.3
Amount held by rest of the world	3.3	3.5	3.4	3.7	3.9	4.0	4.1	3.9	3.8
Percentage foreign ownership	17	15	12	12	11	10	11	11	11

(a) Equity 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 1994 (5232.0)

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