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Introduction

This chapter presents statistics and related information on Australia's international trade, balance of payments, international investment transactions, and foreign financial assets and liabilities.

These statistics are used by economic analysts and policy advisors to monitor, evaluate and forecast developments in Australia's external trade and external sector accounts for the purposes of domestic and international macro-economic analysis and policy determination. They are also used by governments, government agencies, businesses, industry associations, research institutions and others to analyse patterns of trade and assess particular types of transactions and financial claims and liabilities between Australian residents and non-residents, for purposes such as trade promotion and negotiations, market and industry performance studies, etc.

International merchandise trade

International merchandise trade statistics cover all movable goods which add to (imports) or subtract from (exports) Australia's stock of material resources. The statistics are compiled from information submitted by importers and exporters to the Australian Customs Service. Some goods are excluded for conceptual or practical reasons, for example those temporarily brought to Australia for subsequent forwarding to foreign destinations, and low-value imports and exports in the parcel post system.

The merchandise exports and imports data are used in the compilation of the balance of payments. However, various coverage, timing and (for 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 the *international trade* section of this chapter will differ from those shown in the *balance of payments* section.

Balance of payments

The balance of payments provides a statistical statement of economic transactions between residents of Australia and residents of other countries. 'Residents', who may be people or

businesses, need not be Australian nationals. The balance of payments incorporates three types of economic transactions: transactions in goods, services and income; financial transactions involving claims on, and liabilities to, the rest of the world; and one sided transactions (described as unrequited transfers) such as gifts or grants, and funds brought into or taken out of Australia by migrants. The first and third of these types of transactions comprise the *current account*, while the second comprises the *capital account*.

International investment

International investment statistics provide information on foreign financial assets and liabilities of Australian residents (called the *international investment position*). They also provide information on increases and decreases in the levels of these assets and liabilities as a result of: capital transactions (investment flows, including reinvestment of earnings); exchange rate variations and other revaluations and reclassifications; and income receivable and payable on these assets and liabilities.

Capital transactions measured in international investment statistics are identical to the transactions measured in the capital account of the balance of payments. In the same way, investment income transactions recorded in *international investment statistics* are mirrored in the balance of payments current account within the income category.

Foreign ownership in Australia

Statistics of foreign ownership in Australia presented in this chapter use international investment data to estimate the foreign ownership of equity in Australian enterprises.

International merchandise trade

Conceptual framework

Australia's international merchandise trade statistics, relating to the exports and imports of goods, 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 transhipped 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 (e.g. mobile equipment, goods under repair and goods for exhibition) and passengers' effects.

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; and
- the sale or delivery of certain ships intended for use on overseas routes.

For exports only:

- fish and other sea products landed abroad directly from the high seas by Australian ships; and
- export consignments where the value of the goods in each transaction is less than \$500.

For imports only:

- bunkers, aviation fuel and stores supplied abroad to Australian ships and aircraft;
- entries lodged on informal clearance documents (ICDs) for values not exceeding \$250, and ICDs for postal articles valued at up to \$1,000.

Classification

In addition to the primary classification between exports and imports, international merchandise trade is also classified by commodity, by country of origin/destination, by Australian State of production/destination, and by industry of origin.

Export and import commodity statistics are available classified according to:

- the Harmonised System, a World Customs Organisation classification which groups goods according to their component materials, from raw materials through to processed and manufactured products;
- 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 the degree of processing they have undergone, from food and crude raw materials through to highly transformed manufactures; and
- the 19 categories of the United Nations classification by 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

Commodity export and import statistics in this publication are presented according to SITC Rev. 3.

Valuation

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

For imports, 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. 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.

Total merchandise exports and imports

In the 1995–96 financial year Australian exports rose 13% to \$75,999m and Australian imports rose 4 % to \$77,819m. In 1995–96 imports exceeded exports by \$1,820m, a reduction of \$5,748m compared to the \$7,568m deficit recorded in 1994–95 (table 29.1 and graph 29.2).

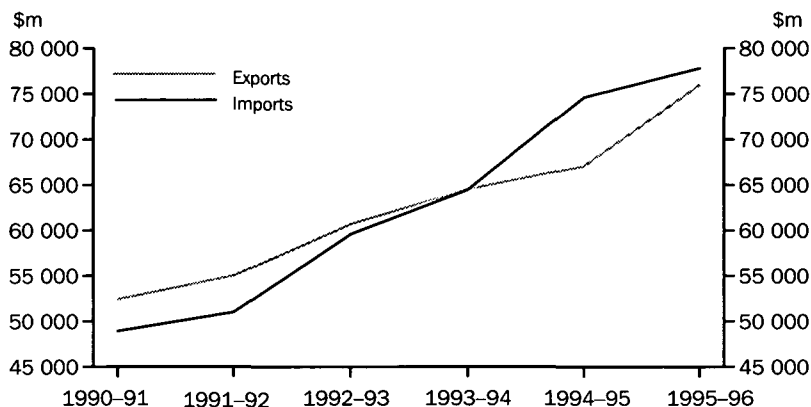
29.1 TOTAL MERCHANDISE EXPORTS AND IMPORTS

Financial year	Exports \$m	Imports \$m	Excess of exports or imports(a) \$m
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	64 548	64 470	78
1994–95	67 051	74 619	-7 568
1995–96	75 999	77 819	-1 820

(a) A minus sign denotes excess of imports.

Source: International Trade database, August 1996.

29.2 TOTAL MERCHANDISE EXPORTS AND IMPORTS



Source: International Trade database, August 1996.

Merchandise exports and imports by State/Territory

Table 29.3 classifies merchandise trade by Australian State or Territory.

For exports, State/Territory refers to the State of origin of the goods, that is the place where the final stage of production or manufacturing occurs. The State of origin is not necessarily the State in which the goods were loaded for export.

For imports, State/Territory refers to the State of final destination, that is the place where imported goods were released from Customs

control. The State of final destination is not necessarily the State in which the goods were discharged, nor is it necessarily the State in which they are used.

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 or shelling) which leave them essentially unchanged.

29.3 MERCHANDISE EXPORTS AND IMPORTS, By State/Territory

State/Territory	Exports			Imports		
	1993-94 \$m	1994-95 \$m	1995-96 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
New South Wales	14 651	15 199	16 634	28 496	33 297	34 945
Victoria	12 349	13 006	15 392	20 770	23 967	24 664
Queensland	11 984	12 511	13 608	6 869	7 771	8 051
South Australia	3 890	3 829	4 497	2 803	3 100	3 114
Western Australia	15 611	16 435	18 918	4 793	5 799	6 289
Tasmania	1 575	1 612	1 620	447	341	351
Northern Territory	1 124	1 075	1 211	269	332	395
Australian Capital Territory	11	18	16	22	12	10
State not available(a)	295	285	308	0	0	0
Total	61 491	63 969	72 204	64 470	74 619	77 819
Re-exports	3 058	3 081	3 796	—	—	—
Total	64 548	67 051	75 999	64 470	74 619	77 819

(a) Includes commodities for which State/Territory is confidential.

Source: *International Trade database, August 1996.*

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. In Australian merchandise trade statistics, 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.

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/origin is not known at the time of export/import, goods are recorded as Destination unknown (exports) or Origin unknown (imports).

Table 29.4 shows merchandise trade classified by country and the two country groups ASEAN and the European Union.

The main contributors to the \$5,748m decrease in the merchandise trade deficit for 1995-96 were:

- a \$2,097m (60%) rise in the surplus with Japan as a result of a rise in exports of \$137m (mainly non-ferrous metals) and a fall in imports of \$1,960m (mainly road vehicles);

- a \$1,094m (34%) rise in the surplus with the Republic of Korea as a result of a rise in exports of \$1,359m (mainly non-monetary gold) partly offset by a rise in imports of \$265m (mainly road vehicles);
- a \$764m (62%) rise in the surplus with New Zealand as a result of a rise in exports of \$801m (including petroleum, vehicles and office machines) partly offset by a rise in imports of \$37m (chiefly paper and dairy products); and
- a \$453m (66%) fall in the deficit with China as a result of an increase in exports of \$814m (including petroleum, iron and steel, and non-ferrous metals) partly offset by a rise in imports of \$360m (including office machinery, electrical machinery and articles of apparel and clothing).

These contributions to the decrease in the overall merchandise trade deficit were partly offset by:

- a \$1,570m (14%) rise in the deficit with the United States as a result of an increase in imports of \$1,528m (including road vehicles and other transport equipment, power generating machinery, and machinery specifically for particular industries) and a fall in exports of \$42m.

29.4 MERCHANDISE EXPORTS AND IMPORTS, By Country

	1993-94		1994-95		1995-96	
	Exports \$m	Imports \$m	Exports \$m	Imports \$m	Exports \$m	Imports \$m
Asia Pacific Economic Co-operation (APEC)						
Brunei	61	17	55	22	77	—
Canada	1 149	1 055	1 150	1 278	1 261	1 557
Chile	111	47	141	48	156	122
China	2 590	3 120	2 963	3 649	3 777	4 010
Hong Kong	2 797	801	2 632	923	3 070	970
Indonesia	1 906	1 105	2 113	1 198	2 779	1 522
Japan	15 924	11 700	16 282	12 777	16 419	10 817
Korea, Republic of	4 706	1 882	5 250	2 028	6 609	2 293
Malaysia	1 759	1 103	2 033	1 421	2 296	1 636
Mexico	192	103	132	136	99	169
New Zealand	4 009	3 201	4 790	3 554	5 591	3 591
Papua New Guinea	954	1 296	932	1 125	1 040	1 220
Philippines	699	188	839	259	1 074	260
Singapore	3 197	1 792	3 643	2 246	3 551	2 612
Taiwan	2 757	2 362	3 102	2 570	3 446	2 585
Thailand	1 278	794	1 560	970	1 778	1 005
United States of America	5 075	14 017	4 643	16 044	4 601	17 572
Total APEC	49 164	44 586	52 260	50 246	57 624	51 942
European Union (EU)						
Austria	28	313	32	279	36	313
Belgium-Luxembourg	458	755	466	686	668	755
Denmark	63	336	100	340	117	336
Finland	117	684	247	635	335	684
France	792	1 867	794	1 754	724	1 867
Germany	1 006	4 861	1 083	4 861	1 151	4 861
Greece	25	78	20	63	34	78
Ireland	28	448	42	432	50	448
Italy	1 052	2 231	1 250	2 026	1 281	2 231
Netherlands	703	702	707	712	694	702
Portugal	26	94	50	81	48	94
Spain	268	519	277	484	292	519
Sweden	139	1 617	155	1 426	199	1 617
United Kingdom	2 901	4 882	2 275	4 439	2 826	4 882
Total EU	7 605	19 387	7 498	18 218	8 454	19 387
Other countries						
Algeria	24	—	26	—	11	—
Argentina	117	85	114	69	110	72
Bahrain(a)	45	12	32	5	47	10
Bangladesh	104	20	92	21	172	28
Brazil	319	348	307	452	389	447
Bulgaria	10	5	26	5	49	6
Cambodia	9	1	19	—	22	1
Cayman Islands	—	12	—	13	—	13
Christmas Island	23	1	27	1	21	2
Columbia	—	11	—	14	—	17
Croatia	3	9	4	9	12	8
Czech Republic	27	53	21	56	24	47
Ecuador	28	2	14	3	15	2
Egypt(a)	286	6	161	8	342	9
Fiji	325	163	378	185	475	235
French Antilles	1	—	12	—	1	—
French Polynesia	61	2	83	1	81	2
Ghana	43	2	34	3	27	4
Guam	27	—	19	—	15	—
Hungary	4	32	5	38	5	31

For footnotes see end of table.

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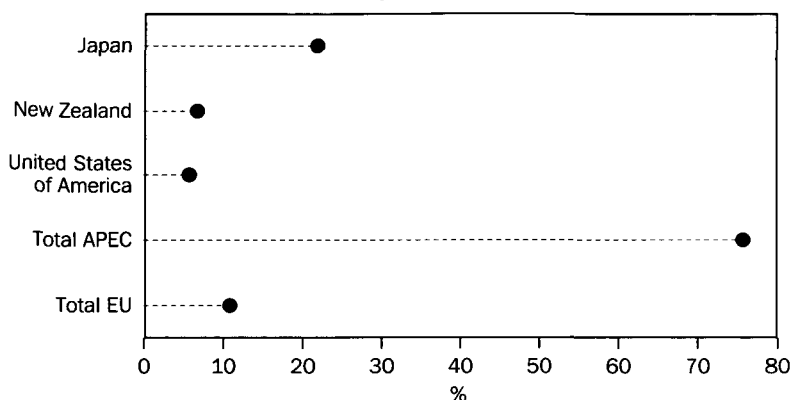
29.4 MERCHANDISE EXPORTS AND IMPORTS, By Country — *continued*

	1993-94		1994-95		1995-96	
	Exports \$m	Imports \$m	Exports \$m	Imports \$m	Exports \$m	Imports \$m
Other countries — (continued)						
India	865	427	979	532	1 184	549
Iran	535	16	237	21	541	22
Iraq	40	—	40	—	14	—
Israel	67	200	83	273	102	300
Jordan	48	21	53	14	122	16
Kenya	6	11	15	11	29	14
Kiribati	21	—	19	—	20	—
Kuwait	82	76	75	93	147	95
Laos	25	—	35	—	15	—
Lebanon	11	3	8	4	16	5
Macau	7	13	5	11	8	10
Malta	5	1	9	5	8	6
Mauritius	70	2	75	2	87	2
Morocco	17	15	3	15	4	15
Myanmar	4	11	11	8	13	7
Nauru	32	16	28	12	24	14
New Caledonia	164	37	168	46	190	46
Norway	114	125	68	168	100	137
Oman	101	9	81	3	112	4
Pakistan	221	141	191	141	259	132
Peru	19	29	24	26	25	28
Poland	19	23	24	27	39	31
Puerto Rico	4	222	6	198	7	259
Qatar	45	135	58	184	46	184
Romania	45	9	81	15	70	10
Russian Federation	246	22	200	28	85	26
Samoa (American)	29	3	18	2	28	3
Saudi Arabia	344	593	277	750	452	873
Slovenia	4	27	19	30	14	29
Solomon Islands	71	2	65	3	91	4
South Africa	350	268	566	302	775	433
Sri Lanka	104	50	142	50	196	53
Switzerland	270	818	286	991	599	966
Tonga	14	2	19	—	16	1
Turkey	206	45	228	58	366	73
United Arab Emirates	417	617	338	627	542	475
Uruguay	4	2	13	3	5	5
Vanuatu	61	2	45	4	41	2
Venezuela	9	5	10	2	13	3
Vietnam	111	291	150	295	198	329
Western Samoa	22	66	24	75	36	59
Yemen	73	11	14	—	78	—
Zimbabwe	11	13	7	30	31	15
Zone of Coop A-Timor Gap	36	—	33	—	33	—
Other Countries	262	122	226	173	350	272
Destination or origin unknown	3	32	—	31	1	46
International waters	249	8	—	4	—	—
No country details(a)	295	—	285	—	288	—
Ships' and aircraft stores	566	—	576	—	663	—
Unidentified(b)	—	—	—	—	20	—
Total	64 548	69 275	67 051	74 619	75 999	77 819

(a) Exports of alumina to Bahrain, Egypt and Iceland are excluded from country totals and included in the 'No country details' category. (b) Includes \$20m of exports for June 1996 which cannot yet be allocated by country.

Source: *International Trade data base, August 1996.*

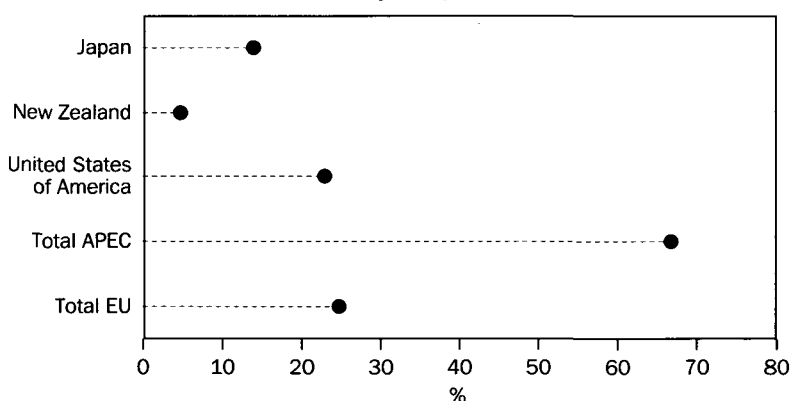
29.5 AUSTRALIAN MERCHANDISE EXPORTS, Selected Countries and Country Groups



Note: Japan, New Zealand and the USA are part of the APEC country grouping.

Source: *International Trade database, August 1996.*

29.6 AUSTRALIAN MERCHANDISE IMPORTS, Selected Countries and Country Groups



Note: Japan, New Zealand and the USA are part of the APEC country grouping.

Source: *International Trade database, August 1996.*

Maps 29.7, 29.8 and 29.9 show the main destination and source countries of Australia's exports and imports.

Merchandise exports and imports by commodity

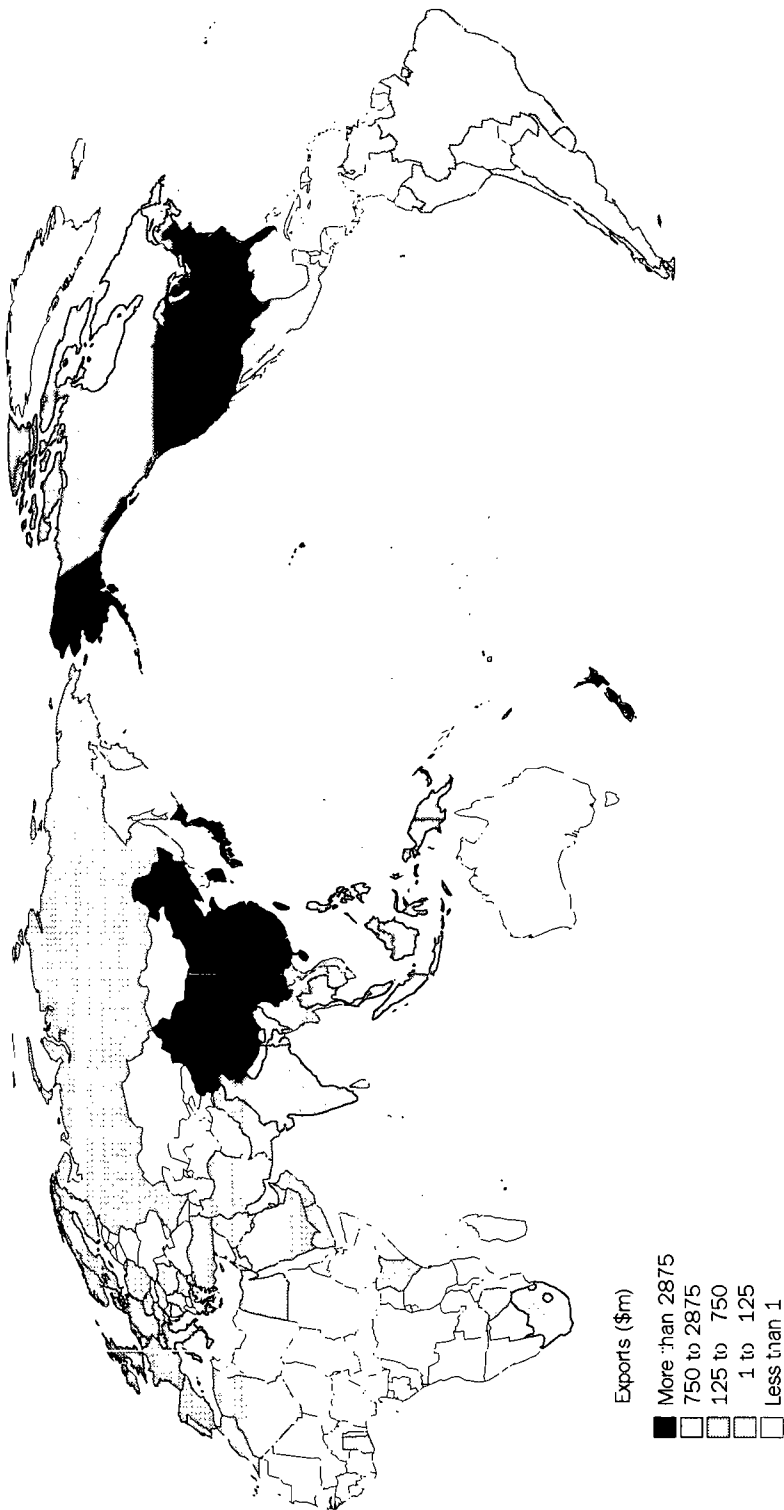
Commodity export and import statistics are presented according to the codes and descriptions of the third revision of the United Nations Standard International Trade Classification (SITC Rev. 3). This classification groups commodities according to the degree of

processing they have undergone, from food and crude raw materials through to highly transformed manufactures.

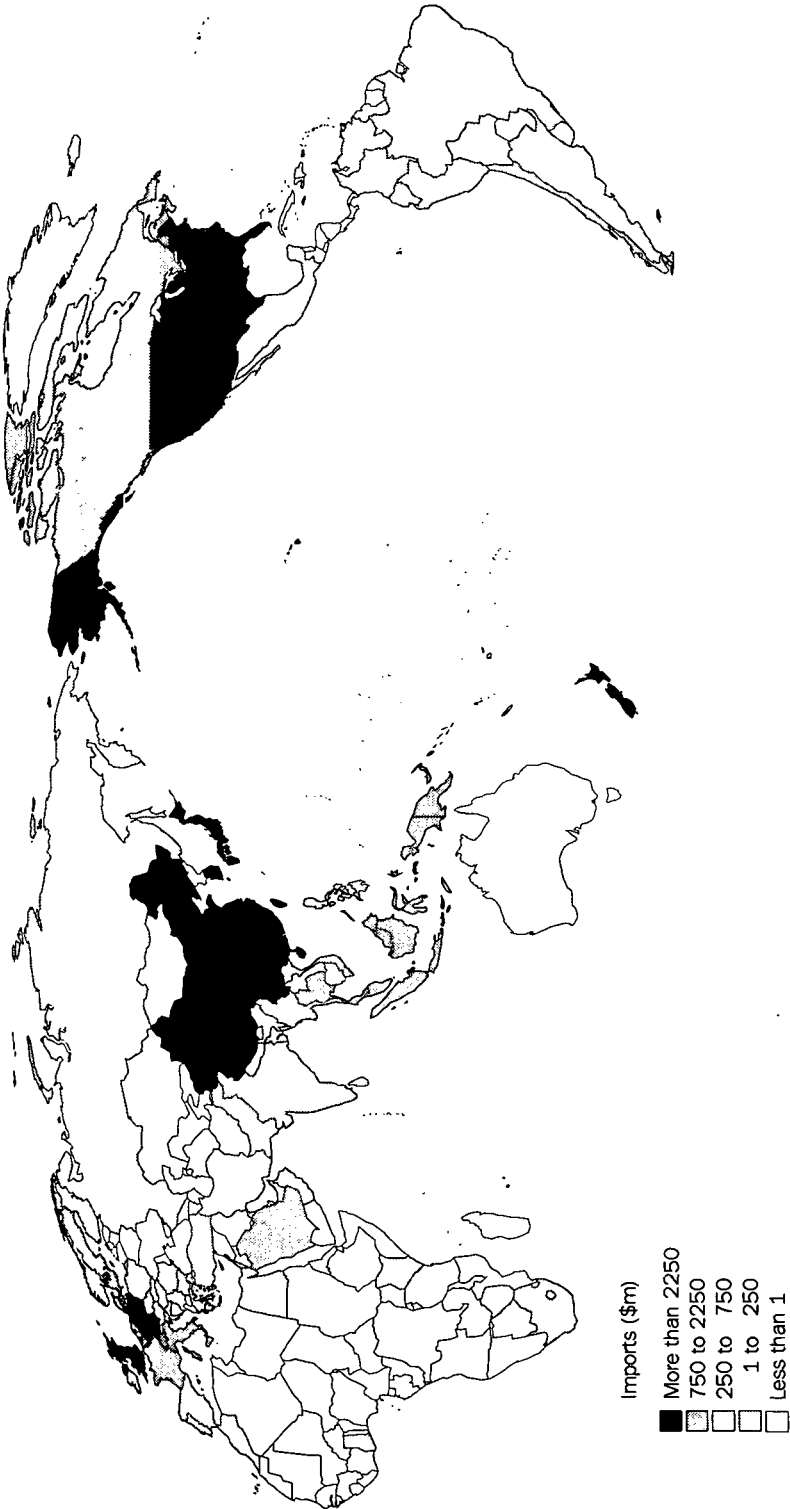
Tables 29.10 and 29.11 show the values of major commodities exported and imported in 1995–96 and their percentage of the total value of Australian exports and imports.

Table 29.12 shows the value of all exports and imports, at broad commodity level, for 1993–94 to 1995–96.

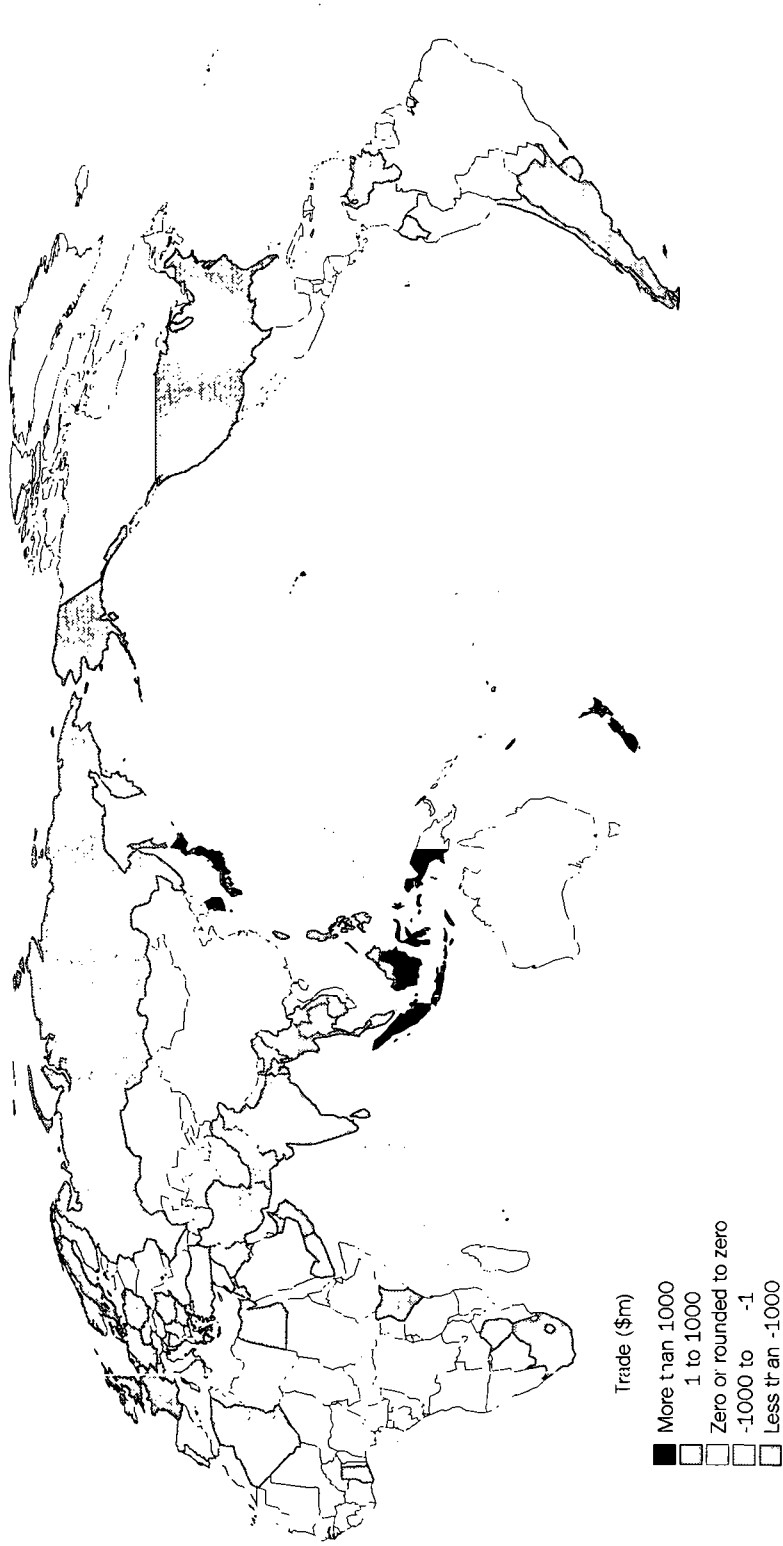
29.7 AUSTRALIAN MERCHANDISE EXPORTS, Destinations — 1995-96



29.8 AUSTRALIA'S MERCHANDISE IMPORTS, Source countries — 1995-96



29.9 AUSTRALIA'S NET BALANCE OF TRADE, Partner countries — 1995-96



For the year ended June 1996, exports were \$75,999m, up \$8,948m (13%) on the previous financial year. The most significant contributors to the rise were cereal and cereal preparations, up \$2,405m (95%) to \$4,927m; metalliferous ores and metal scrap, up \$1,065m (14%) to \$8,669m; coal, coke and briquettes, up \$899m (13%) to \$7,837m; and non-ferrous metals, up \$525m (12%) to \$5,043m. The export commodities recording the biggest falls were textile fibres and their wastes, down \$538m (12%) to \$4,056m; and meat and meat preparations, down \$368m (10%) to \$3,293m.

Australia's major commodity exports for 1995–96 and their principal markets were:

- coal, \$7,774m — 10% of total exports: Japan (43%), Republic of Korea (13%), India (8%), and Taiwan (7%);
- non-monetary gold, \$5,625m — 7% of total exports: Republic of Korea (39%), Singapore (21%), Japan (16%) and Switzerland (8%);
- wheat, \$3,363m — 4% of total exports: principal market information is confidential; and
- iron ore, \$2,863m — 4% of total exports: Japan (45%), China (20%) and Republic of Korea (14%).

For the year ended June 1996, imports were \$77,819m, up \$3,200m (4%) on the previous year. The most significant rises were recorded

for: petroleum, petroleum products and related materials, up \$626m (17%) to \$4,234m; transport equipment (excluding road vehicles) up \$461m (23%) to \$2,514m; electrical machinery, apparatus, appliances, parts, up \$406m (8%) to \$5,315m; and telecommunications and sound recording and reproducing equipment, up \$397m (12%) to \$3,759m. Partly offsetting these rises were falls in road vehicles (including air-cushion vehicles), down \$698m (8%) to \$7,980m; and cork and wood, down \$192m (31%) to \$421m.

Australia's major commodity imports for 1995–96 and their principal sources were:

- passenger motor vehicles, \$3,938m — 5% of total imports: Japan (49%), Republic of Korea (16%), Germany (13%) and the United Kingdom (7%);
- computer equipment, \$3,592m — 5% of total imports: the United States (29%), Singapore (20%), Japan (16%), and Taiwan (12%);
- telecommunication equipment, parts and accessories (excluding television and radio receivers) \$2,589m — 3% of total imports: the United States (21%), Japan (14%), Sweden (13%) and Germany (13%);
- aircraft and associated equipment, \$2,093m — 3% of total imports: the United States (72%), the United Kingdom (10%), France (7%) and Canada (4%).

29.10 MERCHANDISE EXPORTS OF MAJOR COMMODITIES — 1995-96

Major commodities	\$m	%
Aircraft and associated equipment; spacecraft (including satellites and spacecraft launch vehicles; parts thereof)	711	1
Alumina (aluminium oxide)	2 635	3
Aluminium	2 725	4
Barley, unmilled	711	1
Cheese and curd	463	1
Coal, not agglomerated	7 774	10
Copper and copper alloys, (unwrought (excluding master alloys)	444	1
Copper ores and concentrates	486	1
Cotton (excluding linters), not carded or combed	762	1
Crustaceans, molluscs, aquatic invertebrates, live, chilled, frozen, dried, salted; crustaceans, cooked	844	1
Fresh or wet salted raw hides and skins of bovine animals weighing more than 14 kg per skin	172	—
Fruit and nuts, fresh, dried or preserved and fruit preparations (including fruit juices)	587	1
Gas, natural and manufactured	1 569	2
Gold, non-monetary (excluding gold ores and concentrates)	5 625	7
Hides and skins, bovine and equine, raw	192	—
Iron and steel	1 756	2
Iron ore concentrates and agglomerates (excluding roasted iron pyrites)	2 863	4
Lead and lead alloys, unwrought	364	—
Machinery specialised for particular industries	1 073	1
Meat of bovine animals, fresh, chilled or frozen	1 146	2
Meat of sheep or goats, fresh, chilled or frozen	526	1
Milk and cream and milk products (excluding butter and cheese)	1 022	1
Nickel and nickel alloys, unwrought	492	1
Nickel oxide sinters and other intermediate products of nickel metallurgy	289	—
Office machines and automatic data processing machines	1 899	2
Ores and concentrates of molybdenum, niobium, titanium, etc.(a)	504	1
Petroleum oils and oils obtained from bituminous minerals, crude	1 592	2
Petroleum products	1 602	2
Photographic and cinematographic supplies	382	1
Plastics in primary and non-primary forms(a)	483	1
Power generating machinery and equipment	824	1
Rice(a)	326	—
Road vehicles (including air-cushion vehicles)	1 189	2
Sheep and goats, live	229	—
Sugar, beet or cane, raw, in solid form	1 441	2
Unmilled grain sorghum	97	—
Uranium and thorium ores and concentrates	242	—
Wheat (including spelt) and meslin, unmilled	3 363	4
Wood, in chips or particles	542	1
Wool, greasy (including fleece washed wool)	1 980	3
Wool, other, not carded or combed	752	1
Zinc ores and concentrates	432	1
Zinc and zinc alloys, unwrought	383	1
Total major commodities(a)	53 496	70
Total exports	75 999	100

(a) Excludes commodities subject to a 'no commodity details' restriction. For further information see paragraph 29 of the Explanatory Notes in 'International Merchandise, Australia' (5422.0).

Source: International Trade database, August 1996.

29.11 MERCHANDISE IMPORTS OF MAJOR COMMODITIES — 1995-96

Major commodities	\$m	%
Aircraft and assoc. equipment; spacecraft (including satellites) launch vehicles; and parts thereof	2 093	3
Articles of apparel and clothing accessories	1 766	2
Automatic data processing machines and units thereof	3 592	5
Baby carriages, toys, games and sporting goods	861	1
Chemical materials and products, n.e.s.	975	1
Civil engineering and contractors' plant and equipment	1 108	1
Clay and refractory construction materials and minerals manufactures n.e.s.	467	1
Coffee and coffee substitutes	239	—
Electrical apparatus for switching or protecting electrical circuits	846	1
Electrical machinery and apparatus, n.e.s.	1 463	2
Fish, crustaceans, molluscs, and aquatic invertebrates, and preparations thereof	601	1
Glass, glassware and pottery	464	1
Household type, electrical and non-electrical equipment, n.e.s.	678	1
Inorganic chemicals	832	1
Internal combustion piston engines, and parts thereof, n.e.s.	966	1
Iron and steel	1 410	2
Machinery and equipment specialised for particular industries, and parts thereof	973	1
Manufactures of base metal, n.e.s.	744	1
Measuring, checking, analysing and controlling instruments and apparatus, n.e.s.	1 291	2
Medicinal and pharmaceutical products	1 830	2
Motor vehicles for the transport of goods	1 813	2
Non-electric parts and accessories of machinery, n.e.s.	184	—
Organic chemicals(a)	1 919	2
Paper, paperboard articles of paper pulp, of paper or of paperboard(a)	1 942	2
Parts and accessories of motor vehicles and tractors, track-laying wheeled	1 497	2
Passenger motor vehicles (other than transport type) including station wagons and racing cars	3 938	5
Petroleum oils and oils obtained from bituminous minerals (other than crude)	1 190	2
Petroleum oils and oils obtained from bituminous minerals, crude	2 849	4
Photographic and cinematographic supplies	544	1
Plastics in primary and non-primary forms(a)	1 682	2
Printed matter	878	1
Printing and bookbinding machinery, and parts thereof, n.e.s.	459	1
Pumps, centrifuges, filtering or purifying apparatus and parts thereof	860	1
Rubber tyres, interchangeable tyre treads, tyre flaps and inner tubes for wheels of all kinds	733	1
Ships, boats (including hovercraft) and floating structures	375	—
Telecommunication equipment n.e.s. and parts n.e.s. and accessories	2 589	3
Television and radio broadcast receivers	805	1
Textile yarn	510	1
Tools for use in the hand or in machines	418	1
Tractors, track-laying and wheeled	397	1
Wood, sawn or chipped lengthwise, sliced or peeled	338	—
Woven cotton fabrics (excluding narrow or special fabrics)	302	—
Woven fabrics of man-made textile material (excluding narrow or special fabrics)	457	1
Total major commodities(a)	49 878	64
Total	77 819	100

(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: International Trade database, August 1996.

29.12 MERCHANDISE EXPORTS AND IMPORTS, By Commodity

Commodity	1993-94		1994-95		1995-96	
	Exports \$m	Imports \$m	Exports \$m	Imports \$m	Exports \$m	Imports \$m
Food and live animals						
Live animals other than fish, crustaceans, molluscs and aquatic invertebrates	323	77	452	101	660	94
Meat and meat preparations	4 044	46	3 661	47	3 293	46
Dairy products and birds' eggs	1 287	161	1 413	173	1 672	193
Fish (not marine mammals), crustaceans, molluscs aquatic invertebrates, and preparations thereof	1 115	542	1 144	609	1 104	601
Cereals and cereal preparations(a)	3 206	143	2 522	207	4 927	166
Vegetables and fruit	932	515	873	534	1 006	590
Sugars, sugar preparations and honey	1 316	67	1 729	86	1 710	86
Coffee, tea, cocoa, spices, and manufactures thereof	166	383	174	505	193	504
Feeding stuff for animals (excluding unmilled cereals)(a)	385	102	387	109	457	94
Miscellaneous edible products and preparations	194	441	209	451	229	520
Total(a)	12 967	2 478	12 565	2 821	15 250	2 894
Beverages and tobacco						
Beverages	474	332	508	336	603	339
Tobacco and tobacco manufactures	32	135	44	186	43	165
Total	506	467	551	522	646	503
Crude materials, inedible, except fuels						
Hides, skins and furskins, raw	392	3	487	4	503	2
Oil seeds and oleaginous fruits	121	81	110	133	205	98
Crude rubber (including synthetic and reclaimed)	10	117	12	153	11	155
Cork and wood	519	659	627	613	623	421
Pulp and waste paper	16	126	44	160	27	191
Textile fibres and their wastes (not manufactured into yarn or fabric)	3 977	162	4 594	188	4 056	175
Crude fertilisers and crude minerals (excluding coal, petroleum and precious stones)(b)	358	141	367	171	425	150
Metalliferous ores and metal scrap(c)	7 315	141	7 604	179	8 669	178
Crude animal and vegetable materials, n.e.s.	208	165	226	193	223	206
Total(b)(c)	12 917	1 595	14 072	1 794	14 741	1 576
Mineral fuels, lubricants and related materials						
Coal, coke and briquettes	7 255	27	6 938	22	7 837	18
Petroleum, petroleum products and related materials(b)	2 676	3 392	2 952	3 608	3 195	4 234
Gas, natural and manufactured	1 185	23	1 355	38	1 569	59
Total(b)	11 116	3 441	11 245	3 668	12 601	4 312
Animal and vegetable oils, fats and waxes						
Animal oils and fats	170	3	220	3	194	5
Fixed vegetable fats and oils, crude, refined or fractionated(a)(b)	7	181	4	208	11	241
Fats and oils (processed), waxes and inedible mixtures or preparations, of animal or vegetable origin, n.e.s.	31	18	38	20	29	23
Total(a)(b)	207	203	263	232	235	268
Chemical and related products n.e.s.						
Organic chemicals(a)(b)	81	1 615	84	1 795	87	1 919
Inorganic chemicals(a)(b)	257	488	309	639	365	832
Dyeing, tanning and colouring materials	363	340	402	372	436	385
Medicinal and pharmaceutical products(a)	701	1 427	771	1 562	892	1 830
Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations	208	527	258	568	293	609
Fertilisers (excluding crude)	19	394	24	535	26	669
Plastics in primary forms(a)(b)	201	741	283	923	325	925
Plastics in non-primary forms(b)	113	635	143	719	158	757
Chemical materials and products, n.e.s.	408	878	404	896	419	975
Total(a)(b)	2 351	7 045	2 678	8 009	3 002	8 901

For footnotes see end of table.

...continued

29.12 MERCHANDISE EXPORTS AND IMPORTS, By Commodity — *continued*

Commodity	1993-94		1994-95		1995-96	
	Exports \$m	Imports \$m	Exports \$m	Imports \$m	Exports \$m	Imports \$m
Manufactured goods classified chiefly by material						
Leather, leather manufactures, and dressed furskins, n.e.s.	368	146	515	167	462	164
Rubber manufactures, n.e.s.(b)	120	954	146	1 045	156	1 125
Cork and wood manufactures (excluding furniture)(a)	92	288	98	329	104	317
Paper, paperboard, and articles of paper pulp, of paper or of paperboard(b)	258	1 518	267	1 859	295	1 942
Textile yarn, fabrics, made-up articles, n.e.s. and related products	385	2 246	465	2 454	550	2 359
Non-metallic mineral manufactures, n.e.s.(a)(b)	666	1 080	739	1 213	744	1 188
Iron and steel	1 496	1 041	1 580	1 287	1 756	1 410
Non-ferrous metals(a)(b)	3 900	498	4 518	679	5 043	645
Manufactures of metals, n.e.s.(b)	625	1 674	694	1 876	722	1 890
Total(a)(b)	7 911	9 445	9 022	10 908	9 830	11 040
Machinery and transport equipment						
Power generating machinery and equipment	586	1 690	732	1 769	824	1 998
Machinery specialised for particular industries	822	3 061	924	3 792	1 073	3 924
Metal working machinery	92	378	140	573	163	492
General industrial machinery and equipment, n.e.s. and machine parts, n.e.s.(b)	891	3 638	943	4 299	1 138	4 470
Office machines and automatic data processing machines	1 370	4 828	1 589	5 728	1 899	6 032
Telecommunications and sound recording and reproducing apparatus and equipment	674	2 538	541	3 362	716	3 759
Electrical machinery, apparatus, appliances, parts (including non-electric counterparts of electrical domestic equipment)	968	4 051	1 222	4 909	1 387	5 315
Road vehicles (including air-cushion vehicles)	1 074	7 108	1 081	8 678	1 189	7 980
Transport equipment (excluding road vehicles)	1 024	1 620	965	2 050	1 294	2 514
Total(b)	7 502	28 911	8 137	35 160	9 684	36 484
Miscellaneous manufactured articles						
Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.	45	191	52	218	76	221
Furniture, parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings	71	396	77	444	97	464
Travel goods, handbags and similar containers	9	286	15	338	14	362
Articles of apparel and clothing accessories	247	1 480	303	1 637	318	1 766
Footwear	61	512	58	570	66	574
Professional, scientific and controlling instruments and apparatus, n.e.s.	416	1 707	442	1 834	540	1 910
Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks(b)	460	1 066	511	1 206	561	1 258
Miscellaneous manufactured articles, n.e.s.	798	4 160	856	4 462	1 035	4 479
Total(b)	2 106	9 798	2 314	10 708	2 707	11 035
Commodities and transactions n.e.c.						
Special transactions and commodities not classified according to kind	348	31	413	25	456	28
Gold coin whether or not legal tender, and other coin being legal tender	253	1	206	2	145	5
Coin (excluding gold coin), not being legal tender	1	—	1	—	—	—
Gold, non-monetary (excluding gold ores and concentrates)	5 269	981	4 699	710	5 625	708
Combined confidential items of trade(d)(e)	1 095	72	886	59	1 078	64
Total	6 965	1 086	6 205	797	7 304	806
Total	64 548	64 470	67 051	74 619	75 999	77 819

(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 commodity restriction.

Source: International Trade database, August 1996.

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.

29.13 MERCHANDISE EXPORTS, By Industry of Origin

Industry	1993-94		1994-95		1995-96	
	\$m	%	\$m	%	\$m	%
Agriculture, forestry and fishing						
Agriculture	5 766	9	5 662	8	7 695	10
Services to agriculture; hunting and trapping	780	1	726	1	821	1
Forestry and logging	46	—	35	—	45	—
Commercial fishing	419	1	536	1	569	1
Total	7 011	11	6 958	10	9 130	12
Mining						
Coal mining	7 184	11	6 895	10	7 782	10
Oil and gas extraction	2 535	4	2 999	4	3 161	4
Metal ore mining	4 572	7	4 792	7	5 342	7
Other mining	263	—	236	—	249	—
Total	14 554	23	14 922	22	16 534	22
Manufacturing						
Food, beverage and tobacco manufacturing	10 451	16	10 757	16	10 951	14
Textile, clothing, footwear and leather manufacturing	2 200	3	2 697	4	2 702	4
Wood and paper product manufacturing	822	1	986	1	987	1
Printing, publishing and recorded media	348	1	364	1	413	1
Petroleum, coal, chemical and associated product manufacturing	4 077	6	4 424	7	5 093	7
Non-metallic mineral product manufacturing	268	—	308	—	391	1
Metal product manufacturing	14 069	22	14 338	21	16 512	22
Machinery and equipment manufacturing	8 503	13	9 219	14	10 927	14
Other manufacturing	740	1	704	1	738	1
Total	41 478	64	43 796	65	48 713	64
Other industries(a)(b)	1 506	2	1 374	2	1 623	2
Total	64 548	100	67 051	100	75 999	100

(a) Includes commodities subject to a 'no commodity details' restriction. For further information see paragraph 29 of the Explanatory Notes in Merchandise Trade, Australia (5422.0). (b) Includes \$20m of exports for June 1996 which cannot yet be allocated to industry of origin codes.

Source: International Trade database, August 1996.

Import Price Index

The Import Price Index measures changes in prices of imports of merchandise into Australia on a free-on-board, country of origin basis.

Prices of individual shipments are obtained from major importers of the selected items.

Index items have been grouped according to four different classifications:

- the Standard International Trade Classification Revision 3 (SITC Rev3);

- an industry of origin basis defined in terms of the Australian and New Zealand Standard Industrial Classification (ANZSIC);
- the United Nations Classification by Broad Economic Categories (BEC); and
- the Combined Australian Customs Tariff and Statistical Nomenclature.

Tables 29.15 to 29.17 show index numbers in respect of the first three of these classifications.

29.14 MERCHANDISE IMPORTS, By Industry of Origin

Industry	1993-94		1994-95		1995-96	
	\$m	%	\$m	%	\$m	%
Agriculture, forestry and fishing						
Agriculture	505	1	779	1	715	1
Services to agriculture; hunting and trapping	10	—	9	—	9	—
Forestry and logging	5	—	6	—	6	—
Commercial fishing	39	—	54	—	65	—
Total	559	1	849	1	794	1
Mining						
Coal mining	15	—	11	—	12	—
Oil and gas extraction	2 297	4	2 506	3	2 907	4
Metal ore mining	117	—	130	—	129	—
Other mining	143	—	157	—	150	—
Total	2 572	4	2 805	4	3 198	4
Manufacturing						
Food, beverage and tobacco manufacturing	2 863	4	3 121	4	3 263	4
Textile, clothing, footwear and leather manufacturing	4 750	7	5 246	7	5 283	7
Wood and paper product manufacturing	2 436	4	2 784	4	2 696	3
Printing, publishing and recorded media	1 680	3	1 699	2	1 627	2
Petroleum, coal, chemical and associated product manufacturing	10 102	16	11 255	15	12 507	16
Non-metallic mineral product manufacturing	944	1	1 053	1	1 011	1
Metal product manufacturing	4 572	7	5 094	7	5 073	7
Machinery and equipment manufacturing	32 028	50	38 612	52	40 169	52
Other manufacturing	1 727	3	1 869	3	1 945	2
Total	61 103	95	70 733	95	73 573	95
Other industries(a)	236	—	233	—	254	—
Total	64 470	100	74 619	100	77 819	100

(a) Includes commodities subject to a 'no commodity details' restriction. For further information see paragraph 29 of the Explanatory Notes in Merchandise Trade, Australia (5422.0).

Source: International Trade database, August 1996.

29.15 IMPORT PRICE INDEX, Index Numbers Based on the SITC(a)

SITC section	1992-93	1993-94	1994-95	1995-96
Food and live animals chiefly for food	104.7	106.8	116.6	115.9
Beverages and tobacco	121.8	111.5	106.6	109.8
Crude materials, inedible, except fuels	101.1	116.3	121.9	125.8
Mineral fuels, lubricants and other related materials	100.1	93.5	90.1	89.8
Animal and vegetable oils, fats and waxes	126.6	120.9	140.4	170.1
Chemicals and related products n.e.s.	106.2	103.3	108.8	115.1
Manufactured goods classified chiefly by material	109.3	112.1	110.4	115.7
Machinery and transport equipment	116.8	123.1	121.1	117.4
Miscellaneous manufactured articles	114.9	117.0	113.4	114.2
Commodities and transactions n.e.c.	98.7	110.4	104.4	103.7
All groups	112.1	115.6	114.8	115.0

(a) Reference base year 1989-90 = 100.0.

Source: Import Price Index, Australia (6414.0).

29.16 IMPORT PRICE INDEX, Industry of Origin Index Numbers Based on ANZSIC(a)

ASIC Division	1991-92	1992-93	1993-94	1994-95	1995-96
Agriculture, forestry and fishing	99.7	102.6	107.3	141.7	136.3
Mining	105.5	113.7	97.8	102.5	104.5
Manufacturing	102.6	111.7	115.5	113.8	113.5

(a) Reference base year 1989-90 = 100.0.

Source: Import Price Index, Australia (6414.0).

29.17 IMPORT PRICE INDEX, Index Numbers for BEC and End Use Classes(a)

Categories/classes	1992-93	1993-94	1994-95	1995-96
Broad Economic Categories				
Food and beverages	108.0	107.8	119.5	119.8
Industrial supplies n.e.s.	104.1	105.0	106.6	113.4
Fuels and lubricants	103.2	95.4	93.0	90.7
Capital goods and parts and accessories thereof	110.9	114.0	110.0	104.0
Transport equipment and parts and accessories thereof	124.6	135.9	136.8	135.1
Consumer goods n.e.s.	114.6	117.7	114.0	114.1
End Use Classes				
Capital goods	117.0	122.8	119.8	116.0
Intermediate goods	105.1	106.6	107.6	109.2
Consumption goods	116.9	121.1	119.2	119.6

(a) Reference base year 1989-90 = 100.0.

Source: *Import Price Index, Australia* (6414.0).

Export Price Index

The Export Price Index measures changes in the prices of exports of merchandise from Australia, including re-exports (i.e., goods which are imported into Australia and exported at a later date without physical alteration).

The current Export Price Index is a fixed weights index compiled on a reference base of 1989-90 = 100.0, with the weights based predominantly on Australian exports for 1988-89.

In general, prices are obtained from major exporters of the selected commodities included in the index.

The commodities included in the current index have been combined into broad index groups in three ways:

- in terms of the Australian Harmonised Export Commodity Classification (AHECC);
- on an industry of origin basis defined in terms of the Australian Standard Industrial Classification (ASIC); and
- for selected sections of the Standard International Trade Classification Revision 3 (SITC Rev 3).

Tables 29.18 and 29.19 show index numbers in respect of the first two of these classifications.

29.18 EXPORT PRICE INDEX, Index Numbers Based on AHECC(a)

AHECC sections	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Live animals, animal products	96.1	97.6	105.1	110.3	105.9	98.8
Vegetable products	77.9	83.1	94.3	88.6	82.7	101.1
Prepared foodstuffs	91.8	87.9	94.9	102.3	104.6	101.3
Mineral products	108.3	103.1	108.2	100.9	95.1	100.9
Products of chemical or allied industries	100.2	89.6	90.1	87.5	84.4	89.5
Wool and cotton fibres	77.8	66.6	60.9	59.0	80.8	72.7
Gold, diamonds and coin	96.6	91.8	99.6	110.4	104.0	102.3
Base metals and articles of base metals	92.6	79.7	81.0	76.3	96.8	97.0
Machinery and mechanical appliances	97.8	94.8	98.2	97.5	97.2	95.8
Motor vehicles, aircraft and vessels	100.0	100.4	105.0	109.3	108.2	107.3
All groups	95.0	89.6	93.5	91.8	94.7	96.1

(a) Reference base year 1989-90 = 100.0.

Source: *Export Price Index, Australia* (6405.0).

29.19 EXPORT PRICE INDEX, Industry of Origin, Index Numbers Based on ASIC(a)

ASIC Division	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Agriculture	77.2	72.9	74.6	72.2	83.4	85.1
Mining	106.5	103.5	108.0	101.0	94.2	100.0
Manufacturing	96.9	89.8	94.1	95.2	98.6	98.0

(a) Reference base year 1989-90 = 100.0.

Source: *Export Price Index, Australia* (6405.0).

Balance of Payments

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 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 previously, 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 sums 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 capital account as either a net credit or a net debit.

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 cover 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 (for example, the wages earned in Australia by a non-resident while undertaking a short-term job in Australia). 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 29 20, the balance on current account for 1995–96 was a deficit of \$20,298m, a decrease of \$7,272m (or 26%) on the deficit recorded for 1994–95. The decrease in the deficit in 1995–96 was due to a decrease of \$6,317m in the merchandise trade deficit; a decrease of \$1,333m in the net services deficit; and an increase of \$737m in the net unrequited transfers surplus. These movements in merchandise trade, services, and unrequited transfers were partly offset by an increase of \$1,115m in the net income deficit.

The net income deficit for 1995–96 rose to \$19,469m. Income credits increased by \$1,047m (14%) to \$8,552m, due largely to increases in reinvested earnings, direct dividends, and portfolio interest. Partly offsetting these rises were decreases in income on reserve assets and remitted profits. Income debits increased by \$2,162m (8%) to \$28,021m due largely to an increase in interest on official borrowing; an increase in direct dividends; and an increase in private sector portfolio interest. These increases were partly offset by decreases in reinvested earnings, remitted profits, and public sector portfolio interest.

29.20 CURRENT ACCOUNT						
	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Current transactions						
GOODS AND SERVICES						
Merchandise(a)						
Exports f.o.b.	52 155	54 874	60 022	63 882	66 446	75 184
Imports f.o.b.	-49 244	-51 077	-59 431	-64 411	-74 715	-77 136
Balance on merchandise trade	2 911	3 797	591	-589	-8 269	-1 952
Services						
Credits						
Shipment	1 029	1 112	1 241	1 487	1 533	1 682
Other transportation	3 811	4 069	4 614	4 604	4 473	4 887
Travel	5 351	5 939	6 411	7 502	8 879	10 355
Other services	3 911	3 965	4 108	4 946	5 050	5 492
Total services credits	14 102	15 085	16 374	18 539	19 935	22 416
Debits						
Shipment	-3 188	-3 257	-3 772	-3 854	-4 384	-4 358
Other transportation	-4 156	-4 432	-4 637	-4 906	-5 333	-5 721
Travel	-4 827	-4 626	-4 985	-5 157	-5 774	-6 421
Other services	-4 486	-4 669	-5 168	-5 582	-5 878	-6 017
Total services debits	-16 657	-16 984	-18 562	-19 499	-21 369	-22 517
Net services	-2 555	-1 899	-2 188	-960	-1 434	-101
Balance on goods and services	356	1 898	-1 597	-1 549	-9 703	-2 053
INCOME						
Credits						
Property income						
Reinvested earnings	204	555	2 045	2 434	3 866	4 016
Other	3 222	3 387	3 379	2 843	3 088	3 927
Labour and other income	582	455	497	511	551	609
Total income credits	4 007	4 398	5 921	5 789	7 505	8 552
Debits						
Property income						
Reinvested earnings	-642	-720	-2 364	-3 570	-6 256	-6 187
Other	-20 996	-19 007	-17 192	-17 219	-19 214	-21 393
Labour and other income	-429	-326	-311	-283	-389	-441
Total income debits	-22 067	-20 053	-19 868	-21 072	-25 859	-28 021
Net income	-18 060	-15 655	-13 947	-15 283	-18 354	-19 469
UNREQUITED TRANSFERS						
Credits	4 689	4 574	3 096	2 802	3 209	3 988
Debits	-2 316	-2 389	-2 434	-2 624	-2 722	-2 764
Net unrequited transfers	2 373	2 185	662	178	487	1 224
BALANCE ON CURRENT ACCOUNT						
Balance on current account	-15 331	-11 572	-14 882	-16 654	-27 570	-20 298

(a) Balance of payments basis.

Source: Balance of Payments, Australia (5302.0).

As table 29.21 shows, the balance on capital account for 1995-96 recorded a net inflow of \$18,971m, a decrease of \$4,423m on the net inflow for 1994-95. This decrease was due largely to a decrease of \$3,209m, to \$6,694m, in the inflow from net equity transactions and a

turnaround of \$2,760m, to a net outflow of \$483m in net other capital transactions. Partly offsetting these decreases was a rise of \$1,545m, to a net inflow of \$12,760m in net debt transactions.

29.21 CAPITAL ACCOUNT AND BALANCING ITEM

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
Net capital transactions						
OFFICIAL						
General government						
Foreign investment in Australia						
Borrowing	310	1 146	9 856	7 597	9 569	2 837
Other	-5	-29	-35	83	73	-190
Total	305	1 117	9 821	7 680	9 642	2 647
Australian investment abroad	-420	656	44	-553	544	-140
Total general government	-115	1 773	9 866	7 127	10 185	2 507
Reserve Bank						
Foreign investment in Australia	-22	21	39	-49	23	-16
Australian investment abroad						
Reserve assets	-1 428	3 929	3 949	-1 037	1 971	-817
Other	—	—	—	—	—	—
Total	-1 428	3 929	3 949	-1 037	1 971	-817
Total Reserve Bank	-1 450	3 950	3 989	-1 086	1 994	-833
Total official	-1 565	5 723	13 854	6 041	12 179	1 674
NON-OFFICIAL						
Foreign investment in Australia						
Direct investment						
Reinvestment of earnings	642	720	2 364	3 570	6 256	6 187
Other	6 626	6 090	3 034	2 243	2 322	9 231
Portfolio and other investment	12 986	8 132	1 949	14 715	4 744	23 084
Total foreign investment in Australia	20 255	14 942	7 347	20 528	13 322	38 503
Australian investment abroad						
Direct investment						
Reinvestment of earnings	-204	-555	-2 045	-2 434	-3 866	-4 015
Other	1 140	-1 978	-798	-4 197	-210	-6 332
Portfolio and other investment	-3 483	-4 034	-5 205	-7 919	1 970	-10 859
Total Australian investment abroad	-2 546	-6 569	-8 048	-14 550	-2 107	-21 206
Total non-official	17 709	8 373	-702	5 978	11 215	17 297
BALANCE ON CAPITAL ACCOUNT						
Balance on capital account	16 144	14 096	13 152	12 019	23 394	18 971
of which						
Net equity	10 526	1 434	5 788	10 427	9 903	6 694
Net debt	6 291	11 136	7 075	2 355	11 215	12 760
Net other	-672	1 527	288	-764	2 277	-483
BALANCING ITEM						
Balancing item	-813	-2 524	1 730	4 636	4 175	1 327

Source: Balance of Payments, Australia (5302.0).

Table 29.22 shows both annual levels of official reserve assets and end of year and period

average exchange rates for the major currencies and special drawing rights.

29.22 OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	Financial year ending 30 June					
	1991	1992	1993	1994	1995	1996
LEVELS OF OFFICIAL RESERVE ASSETS (\$m)						
Foreign exchange						
United States dollars	8 537	5 553	5 684	7 931	5 483	8 514
Other	10 925	12 203	9 702	7 663	9 538	6 048
Special drawing rights	360	375	133	110	95	57
Reserve position in IMF	421	471	855	749	753	615
Gold	3 804	3 639	4 448	4 208	4 316	3 825
Total	24 047	22 240	20 823	20 661	20 185	19 059
EXCHANGE RATES						
End of year(a)						
United States dollar	0.7681	0.7488	0.6722	0.7291	0.7086	0.789
United Kingdom pound	0.4712	0.3945	0.4453	0.4721	0.4452	0.5099
German mark	1.382	1.144	1.137	1.159	0.981	1.2
Japanese yen	106.19	94.05	71.54	72.20	60.08	86.48
Special drawing right	0.5825	0.5213	0.4818	0.5026	0.4539	0.5476
Period average(b)						
United States dollar	0.7853	0.7694	0.7030	0.6919	0.7427	0.7593
United Kingdom pound	0.4240	0.4381	0.4363	0.4623	0.4705	0.4909
German mark	1.248	1.274	1.103	1.171	1.12	1.109
Japanese yen	107.60	100.97	84.22	73.52	70.35	77.66
Special drawing right	0.5656	0.5580	0.4982	0.4944	0.4972	0.5156

(a) These exchange rates relate to the last trading day of the reference period. (b) 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.

Exports and imports of goods and services (balance of payments basis)

Table 29.23 and table 29.24 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 above. See the Introduction to this chapter regarding the difference between the balance of payments and international trade bases for exports and imports.

The current price value of a transaction may be expressed conceptually as the product of a price and quantity. The value of the transaction at constant prices may then be thought of as being derived by substituting, for the current price, the corresponding price in the chosen base year.

There are, however, many transactions recorded in statistics of international 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 1995–96 at current prices. Merchandise exports rose 13% to \$75,184m with significant increases recorded in cereal grains; metal ores and minerals; machinery; mineral fuels; 'other' rural; 'other' manufactures; and gold. Significant decreases were recorded in wool and sheepskins; and meat. Merchandise imports increased 3% to \$77,136m. The most significant increases occurred in fuels and lubricants; consumption goods n.e.s.; and machinery and industrial equipment. The only significant decrease was recorded in industrial transport equipment n.e.s.

In current price terms, the net services deficit fell \$1,333m to \$101m in 1995–96. Service credits increased \$2,481m to \$22,416m, mainly due to an increase in the travel credits. Service debits increased \$1,148m to \$22,517m, mainly

due to travel and other transportation debits. Table 29.26 provides details of the trade in services.

In constant price terms, exports of goods and services increased \$9,176m (10%) in 1994–95, while imports of goods and services increased \$5,017m (6%). The turnaround from a deficit to a surplus on goods and services made a positive contribution of 0.6 percentage points to the expenditure-based estimates of GDP at average 1989–90 prices. The balance on merchandise trade recorded a surplus of \$1,158m, a turnaround of \$2,928m on the deficit recorded in 1994–95, while the net services surplus increased \$1,231m, to \$1,345m.

Australia's terms of trade rose 4% in 1995–96, resulting from a 2% rise in the implicit price deflator, or IPD (current prices over average prices), for exports of goods and services, and a fall of 2% in the IPD for imports of goods and services. While both goods and services exports recorded similar increases in their IPDs, for imports the goods deflator fell 3%, partly offset by a 2% rise in the services deflator.

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).

29.23 EXPORTS OF GOODS AND SERVICES (Balance of Payments Basis)

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
At current prices						
Rural exports f.o.b.						
Meat and meat preparations	3 173	3 434	3 750	4 043	3 654	3 274
Cereal grains and cereal preparations(a)	2 436	2 352	2 954	3 205	2 523	4 926
Sugar, sugar preparations and honey	948	747	1 072	1 315	1 730	1 709
Wool and sheepskins	2 887	3 829	3 367	3 369	4 216	3 623
Other rural	4 578	5 241	5 937	6 513	6 922	7 728
Total rural	14 022	15 603	17 080	18 445	19 045	21 260
Non-rural exports f.o.b.						
Metal ores and minerals(a)	8 557	7 938	7 943	7 671	7 968	9 072
Mineral fuels						
Coal, coke and briquettes	6 480	6 949	7 620	7 253	6 936	7 831
Other mineral fuels	3 595	3 402	3 913	3 351	3 794	4 164
Metals						
Gold	4 136	4 605	4 580	5 521	4 907	5 695
Other metals	4 737	4 702	5 210	5 396	6 097	6 794
Machinery	3 123	3 471	4 344	5 293	6 035	7 125
Transport equipment	1 907	1 655	2 022	2 087	2 047	2 494
Other manufactures	4 355	5 268	6 026	6 966	7 907	8 712
Other non-rural(a)	1 243	1 281	1 284	1 839	1 710	2 037
Total non-rural	38 133	39 271	42 942	45 377	47 401	53 924
Total exports f.o.b.	52 155	54 874	60 022	63 822	66 446	75 184
Exports of services	14 102	15 085	16 374	18 539	19 935	22 416
Total exports of goods and services	66 257	69 959	76 396	82 361	86 381	97 600
At average 1989-90 prices						
Rural exports f.o.b.						
Meat and meat preparations	3 259	3 511	3 766	3 830	3 733	3 620
Cereal grains and cereal preparations(a)	3 466	2 713	3 105	3 809	2 676	3 930
Sugar, sugar preparations and honey	1 029	923	1 228	1 345	1 654	1 695
Wool and sheepskins	4 002	5 781	5 206	5 428	5 039	4 760
Other rural	4 683	5 230	5 655	5 953	5 986	6 477
Total rural	16 439	18 158	18 960	20 365	19 088	20 482
Non-rural exports f.o.b.						
Metal ores and minerals(a)	8 729	8 756	8 805	9 450	9 936	10 499
Mineral fuels						
Coal, coke and briquettes	6 401	6 923	7 226	7 207	7 556	7 715
Other mineral fuels	2 615	2 884	3 156	3 160	3 562	3 784
Metals						
Gold	4 394	5 300	5 014	5 420	5 131	6 002
Other metals	5 140	5 700	6 163	6 753	6 390	6 974
Machinery	3 201	3 668	4 574	5 931	7 208	9 252
Transport equipment	1 885	1 548	1 669	1 634	1 608	2 059
Other manufactures	4 384	5 485	6 064	6 903	7 846	8 596
Other non-rural(a)	1 302	1 383	1 370	1 902	1 805	2 113
Total non-rural	38 051	41 647	44 041	48 360	51 042	56 994
Total exports f.o.b.	54 490	59 805	63 001	68 725	70 130	77 476
Exports of services	13 379	14 142	15 185	17 180	18 553	20 383
Total exports of goods and services	67 869	73 947	78 186	85 905	88 683	97 859

(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.

Source: Balance of Payments, Australia (5302.0).

29.24 IMPORTS OF GOODS AND SERVICES (Balance of Payments Basis)(a)

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
At current prices						
Consumption goods f.o.b.						
Food and beverages, mainly for consumption	1 923	2 028	2 261	2 430	2 592	2 760
Household electrical items	1 103	1 257	1 382	1 436	1 744	1 765
Non-industrial transport equipment	2 466	2 777	3 478	3 800	4 758	4 440
Textiles, clothing and footwear	1 623	1 799	2 178	2 320	2 566	2 730
Toys, books and leisure goods	1 741	2 015	2 238	2 496	2 545	2 535
Consumption goods n.e.s.	3 449	3 793	4 389	4 751	5 213	5 638
Total consumption goods	12 305	13 669	15 926	17 233	19 418	19 868
Capital goods f.o.b.						
Machinery and industrial equipment	4 488	4 320	5 446	6 414	7 897	8 315
ADP equipment	1 880	1 915	2 319	2 629	3 232	3 592
Telecommunications equipment	832	949	1 224	1 182	1 804	1 998
Civil aircraft	1 885	1 685	828	241	529	714
Industrial transport equipment n.e.s.	1 605	1 240	1 838	2 084	2 714	2 214
Capital goods n.e.s.	1 627	1 788	2 000	2 293	2 365	2 370
Total capital goods	12 317	11 897	13 655	14 843	18 541	19 203
Intermediate and other goods f.o.b.						
Food and beverages, mainly for industry	390	388	436	509	774	699
Primary industrial supplies n.e.s.	556	586	677	701	901	879
Fuels and lubricants	2 977	2 715	3 623	3 317	3 566	4 163
Parts for transport equipment	3 028	2 941	3 675	4 183	4 714	4 600
Parts for ADP equipment	1 109	1 278	1 423	1 681	1 858	1 858
Other parts for capital goods	3 426	3 580	4 236	5 047	5 975	6 391
Organic and inorganic chemicals(b)	1 675	1 804	2 056	2 102	2 431	2 755
Paper and paperboard	1 142	1 295	1 381	1 465	1 794	1 868
Textile yarn and fabrics	1 516	1 680	1 763	1 869	2 036	1 922
Iron and steel	887	822	946	1 039	1 285	1 408
Plastics	1 036	1 086	1 272	1 375	1 646	1 684
Non-monetary gold	624	1 034	1 019	978	705	702
Processed industrial supplies n.e.s.	5 817	6 059	7 135	7 783	8 680	8 799
Other goods(b)	439	243	208	286	391	337
Total intermediate and other goods	24 622	25 511	29 850	32 335	36 756	38 065
Total imports f.o.b.	49 244	51 077	59 431	64 411	74 715	77 136
Imports of services	16 657	16 984	18 562	19 499	21 369	22 517
Total imports of goods and services	65 901	68 061	77 993	83 910	96 084	99 653
At average 1989-90 prices						
Consumption goods f.o.b.						
Food and beverages, mainly for consumption	1 895	1 924	2 010	2 204	2 325	2 370
Household electrical items	1 158	1 292	1 299	1 308	1 678	1 761
Non-industrial transport equipment	2 347	2 435	2 608	2 538	3 097	2 925
Textiles, clothing and footwear	1 646	1 740	1 964	2 080	2 438	2 638
Toys, books and leisure goods	1 682	1 913	2 024	2 205	2 340	2 260
Consumption goods n.e.s.	3 317	3 565	3 830	4 036	4 570	4 932
Total consumption goods	12 045	12 869	13 735	14 371	16 448	16 886
Capital goods f.o.b.						
Machinery and industrial equipment	4 242	3 983	4 442	5 042	6 341	6 719
ADP equipment	2 166	2 552	3 437	4 612	6 728	8 850
Telecommunications equipment	869	971	1 150	1 051	1 811	2 299
Civil aircraft	1 853	1 588	704	195	449	622
Industrial transport equipment n.e.s.	1 577	1 110	1 315	1 368	1 805	1 435
Capital goods n.e.s.	1 566	1 686	1 665	1 859	1 940	1 978
Total capital goods	12 273	11 890	12 713	14 127	19 074	21 903

For footnotes see end of table.

...continued

29.24 IMPORTS OF GOODS AND SERVICES (Balance of Payments Basis)(a) — continued

	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
At average 1989-90 prices — (continued)						
Intermediate and other goods f.o.b.						
Food and beverages, mainly for industry	408	392	444	491	514	480
Primary industrial supplies n.e.s.	583	638	675	687	799	732
Fuels and lubricants	2 400	2 680	3 260	3 252	3 432	3 946
Parts for transport equipment	3 010	2 799	3 157	3 351	3 797	3 744
Parts for ADP equipment	1 279	1 703	2 110	2 942	3 864	4 559
Other parts for capital goods	3 289	3 373	3 620	4 300	5 338	5 990
Organic and inorganic chemicals(b)	1 733	1 899	2 168	2 391	2 630	2 789
Paper and paperboard	1 165	1 352	1 435	1 533	1 946	1 692
Textile yarn and fabrics	1 412	1 605	1 715	1 883	2 118	1 989
Iron and steel	919	845	972	1 075	1 374	1 390
Plastics	1 156	1 223	1 330	1 381	1 593	1 455
Non-monetary gold	646	1 106	1 012	864	662	660
Processed industrial supplies n.e.s.	5 715	6 106	6 691	7 059	7 924	7 770
Other goods	445	248	204	279	387	333
Total intermediate and other goods	24 160	25 969	28 793	31 488	36 378	37 529
Total imports f.o.b.	48 478	50 707	55 241	59 986	71 900	76 318
Imports of services	15 569	15 691	16 065	16 763	18 439	19 038
Total imports of goods and services	64 048	66 419	71 310	76 749	90 339	95 356

(a) The debit entries for this table are shown without a sign. In keeping with balance of payments conventions, these same debit entries in tables 29.20 and 29.26 are shown with a negative sign. (b) 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.

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

29.25 IMPLICIT PRICE DEFLATORS AND TERMS OF TRADE

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Implicit Price Deflators (base 1989-90=100)(a)						
Merchandise exports f.o.b.	95.7	91.8	95.3	92.9	94.7	97.0
Services, credits	105.4	106.7	107.8	107.9	107.4	110.0
Total exports of goods and services	97.6	94.6	97.7	95.9	97.4	99.7
Merchandise imports f.o.b.	101.6	100.7	107.6	107.4	103.9	101.1
Services, debits	107.0	108.2	115.5	116.3	115.9	118.3
Total imports of goods and services	102.9	102.5	109.4	109.3	106.4	104.5
Terms of trade (base 1989-90=100)(b)						
Merchandise trade	94.2	91.2	88.6	86.5	91.1	95.9
Services	98.5	98.6	93.3	92.8	92.7	93.0
Goods and services	94.8	92.3	89.3	87.7	91.5	95.4

(a) Derived by dividing the estimates at current prices in Tables 29.23 and 29.24 by the estimates at average (1989-90) prices in those tables. (b) Derived by dividing the IPDs for export/credits by the IPDs for imports/debits.

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

29.26 INTERNATIONAL TRADE IN SERVICES

	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
CREDITS							
Shipment							
Freight on exports	905	1 017	1 100	1 229	1 475	1 521	1 670
Insurance on exports	12	12	12	12	12	12	12
Total	917	1 029	1 112	1 241	1 487	1 533	1 682
Other transportation							
Passenger services	1 363	1 594	1 782	2 141	2 307	n.p.	n.p.
Port services etc.	2 039	2 217	2 287	2 473	2 297	n.p.	n.p.
Total	3 402	3 811	4 069	4 614	4 604	4 473	4 887
Travel							
Student's expenditure	878	960	1 115	1 336	1 515	1 710	2 279
Other	3 761	4 391	4 824	5 075	5 987	7 169	8 076
Total	4 639	5 351	5 939	6 411	7 502	8 879	10 355
Other services							
Official	278	309	257	276	344	315	301
Non-official							
Financial services	191	249	302	301	475	390	411
Insurance services n.e.c.	110	209	124	152	640	401	588
Other(a)	2 880	3 144	3 282	3 379	3 487	3 944	4 192
Total	3 459	3 911	3 965	4 108	4 946	5 050	5 492
Total credits	12 417	14 102	15 085	16 374	18 539	19 935	22 416
DEBITS							
Shipment							
Freight on imports	-3 419	-3 164	-3 233	-3 748	-3 830	-4 360	-4 334
Insurance on imports	-24	-24	-24	-24	-24	-24	-24
Total	-3 443	-3 188	-3 257	-3 772	-3 854	-4 384	-4 358
Other transportation							
Passenger services	-2 223	-2 292	-2 464	-2 515	-2 521	-2 777	-3 015
Port services etc.	-1 835	-1 864	-1 968	-2 122	-2 385	-2 556	-2 706
Total	-4 058	-4 156	-4 432	-4 637	-4 906	-5 333	-5 721
Travel							
Student's expenditure	-276	-291	-320	-333	-335	-425	-474
Other	-4 523	-4 536	-4 306	-4 652	-4 822	-5 349	-5 947
Total	-4 799	-4 827	-4 626	-4 985	-5 157	-5 774	-6 421
Other services							
Official	-385	-447	-387	-429	-420	-411	-447
Non-official							
Financial services	-137	-194	-242	-295	-340	-282	-276
Insurance services n.e.c.	-245	-269	-391	-658	-1 001	-939	-1 008
Other(a)	-3 493	-3 576	-3 649	-3 789	-3 821	-4 246	-4 286
Total	-4 260	-4 486	-4 669	-5 168	-5 162	-5 467	-6 017
Total debits	-16 560	-16 657	-16 984	-18 562	-19 499	-21 369	-22 517

For footnotes see end of table.

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29.26 INTERNATIONAL TRADE IN SERVICES — continued

	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m
BALANCE							
Shipment							
Freight on exports	-2 514	-2 147	-2 133	-2 519	-2 355	-2 839	-2 664
Insurance on exports	-12	-12	-12	-12	-12	-12	-12
Total	-2 526	-2 159	-2 145	-2 531	-2 367	-2 851	-2 676
Other transportation							
Passenger services	-860	-698	-682	-374	-214	n.p.	n.p.
Port services etc.	204	353	319	351	-88	n.p.	n.p.
Total	-656	-345	-363	-23	-302	-860	-834
Travel							
Student's expenditure	602	669	795	1 003	1 180	1 285	1 805
Other	-762	-145	518	423	1 165	1 820	2 129
Total	-160	524	1 313	1 426	2 345	3 105	3 934
Other services							
Official	-107	-138	-130	-153	-76	-96	-146
Non-official							
Financial services	54	55	60	6	135	108	135
Insurance services n.e.c.	-135	-60	-267	-506	-361	-538	-420
Other(a)	-613	-432	-367	-410	-334	-302	-95
Total	-801	-575	-704	-1 060	-216	-417	-525
Total	-4 143	-2 555	-1 899	-2 188	-960	-1 434	-101

(a) A dissection of these data is available on request.

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

As shown in table 29.27, the main destinations for services exports in 1994-95 (regional data are not yet available for 1995-96) were: Japan (19%), the United States (11%), the United Kingdom (9%), Singapore (6%) and New Zealand (6%). Significant growth has been recorded in services exports to Japan, the United States and Singapore since 1988-89. The

main source countries for service imports in 1994-95, shown in Table 29.28, were: the United Kingdom (16%), the United States (14%), Japan (9%), Singapore (6%) and New Zealand (5%). Significant growth has been recorded in services imports from the United States and the United Kingdom since 1988-89.

29.27 SERVICES CREDITS

	1988-89 \$m	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
Countries							
Belgium and Luxembourg	60	63	45	42	36	43	62
Canada	218	178	264	251	210	290	230
Central America and Caribbean, excluding Mexico	23	23	69	100	19	30	28
China, People's Republic of	202	303	254	200	268	284	379
Fiji	135	117	176	137	146	149	119
France	94	115	135	121	183	228	191
Germany(a)	340	346	423	469	483	555	547
Greece	61	66	70	50	57	70	55
Hong Kong	370	473	577	650	740	823	905
Indonesia	258	303	387	397	476	559	738
Ireland, Republic of	30	36	34	34	37	44	53
Italy	140	144	146	209	174	195	170
Japan	1 874	2 239	2 645	3 107	3 163	3 250	3 694
Korea, Republic of	117	143	186	258	311	462	694
Malaysia	328	346	427	536	545	635	690
Netherlands	134	146	133	149	196	187	194
New Zealand	1 429	1 300	1 329	1 110	1 055	1 051	1 182
Papua New Guinea	327	266	261	293	298	326	292
Philippines	100	105	135	132	139	153	158
Russian Federation(b)	54	61	68	72	84	94	65
Singapore	391	476	634	678	873	1 042	1 285
South Africa	31	34	30	54	83	119	124
Sweden	103	92	81	87	75	96	103
Switzerland	111	122	163	168	202	208	243
Taiwan	115	136	180	252	388	487	566
Thailand	137	159	191	232	274	327	429
United Kingdom	1 365	1 485	1 579	1 781	1 693	1 865	1 765
United States of America	1 645	1 781	2 040	1 984	2 087	2 450	2 263
Africa n.e.s.	98	106	161	96	139	156	120
America n.e.s.	46	49	34	45	68	101	126
Asia n.e.s.	300	342	335	399	540	649	778
Europe n.e.s.	292	311	288	296	509	728	604
Oceania n.e.s.	178	185	180	210	220	277	245
International capital markets	—	—	—	—	—	—	—
International institutions	1	1	1	—	6	2	3
Unallocated	444	365	441	486	597	604	837
Total all countries	11 555	12 417	14 102	15 085	16 374	18 539	19 937
Country groups(c)							
APEC	7 526	7 057	8 261	9 828	10 564	12 198	13 566
ASEAN	1 226	1 416	1 797	2 016	2 342	2 770	3 330
EU	2 299	2 476	2 623	2 946	2 992	3 372	3 462
OECD	7 808	8 326	9 291	9 787	9 957	10 888	11 191
OPEC	301	362	450	431	553	667	812

(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, Peoples' Republic of, 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 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom. OECD includes Andorra, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Mexico, Monaco, New Zealand, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States of America. OPEC includes Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates and Venezuela.

Source: Balance of Payments and International Investment Position, Australia, 1994-95 (5363.0).

29.28 SERVICES DEBITS(a)

	1988-89 \$m	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
Countries							
Belgium and Luxembourg	103	98	82	127	135	121	115
Canada	178	209	223	286	270	361	375
Central America and Caribbean, excluding Mexico	90	132	170	158	161	221	177
China, People's Republic of	142	135	131	180	324	335	493
Fiji	286	352	362	143	153	167	173
France	184	264	221	252	237	266	266
Germany(b)	476	613	650	708	593	561	644
Greece	193	216	210	225	245	295	302
Hong Kong	762	824	801	731	818	850	944
Indonesia	235	282	275	357	515	521	609
Ireland, Republic of	38	41	38	61	74	79	94
Italy	320	361	358	485	379	387	428
Japan	1 141	1 287	1 321	1 551	1 395	1 541	1 850
Korea, Republic of	84	87	98	89	248	282	336
Malaysia	258	276	314	320	469	510	535
Netherlands	261	299	283	305	409	439	478
New Zealand	1 045	1 191	1 134	1 014	899	1 011	1 114
Papua New Guinea	157	156	164	104	106	148	125
Philippines	150	163	150	127	157	154	165
Russian Federation(c)	112	117	157	138	240	241	154
Singapore	835	834	908	854	989	925	1 220
South Africa	35	43	40	36	53	89	115
Sweden	63	142	117	96	144	105	127
Switzerland	116	120	91	104	246	282	411
Taiwan	80	94	91	139	198	210	202
Thailand	251	309	329	307	335	337	355
United Kingdom	2 560	2 677	2 569	2 754	2 968	3 315	3 365
United States of America	2 364	3 008	3 299	2 647	2 982	2 841	2 892
Africa n.e.s.	109	125	157	191	135	139	133
America n.e.s.	62	78	78	90	126	115	119
Asia n.e.s.	437	541	486	549	736	770	862
Europe n.e.s.	655	765	667	1 061	986	1 022	1 041
Oceania n.e.s.	266	330	338	154	208	202	182
International capital markets	1	1	—	—	—	—	—
International institutions	1	3	—	3	1	2	1
Unallocated	179	387	345	638	628	655	967
Total all countries	14 233	16 560	16 657	16 984	18 562	19 499	21 369
Country groups(d)							
APEC	7 693	7 664	8 072	8 617	9 610	10 066	11 258
ASEAN	1 736	1 882	1 997	1 980	2 476	2 471	2 905
EU	4 250	4 689	4 473	5 024	5 172	5 625	6 112
OECD	9 469	11 002	11 028	11 317	11 480	12 166	13 209
OPEC	269	331	336	423	625	641	689

(a) The debit entries for this table are shown without a sign. In keeping with balance of payments conventions, these same debit entries in tables 29.20 and 29.26 are shown with a negative sign. (b) Prior to 1990-91, the former Germany, Democratic Republic is included in Europe n.e.s. (c) 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. (d) APEC includes Brunei, Canada, China, Peoples' Republic of, 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 Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

Source: *Balance of Payments and International Investment Position, Australia, 1994-95* (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 principal 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 and 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.
- *Re-investment of earnings* of direct investors refers to income retained within the enterprise from after tax profits attributable to direct investors.
- *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.

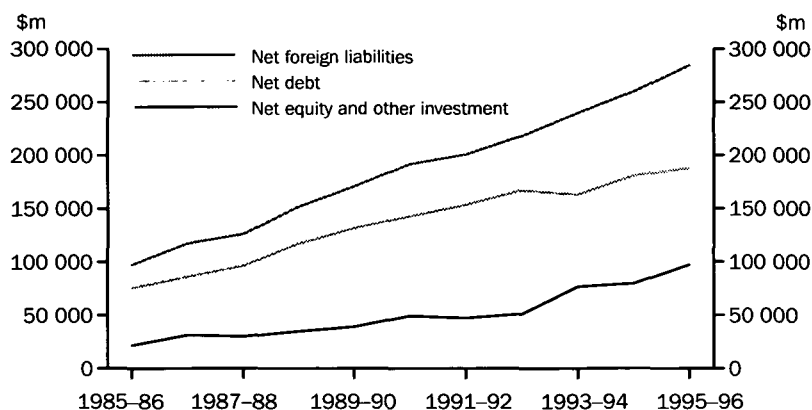
International investment position

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.

Australia's net foreign liabilities at 30 June 1996 totalled \$284,737m, up 9% on 30 June 1995. The rise in Australia's net foreign liabilities since 30 June 1995 was the net effect of rises of \$34,966m in the level of foreign investment in Australia and \$11,212m in the level of Australian investment abroad. Of the rise in the level of foreign investment in Australia, \$11,492m was attributable to foreign borrowing.

Table 29.30 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.

29.29 NET INTERNATIONAL INVESTMENT POSITION



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

29.30 INTERNATIONAL INVESTMENT POSITION AND INCOME

	Levels of investment at beginning of year \$m	Changes in levels of investment during the year					Levels of investment at end of year \$m	Investment income(a) \$m
		Reinvestment of earnings of direct investors \$m	Other transactions \$m	Exchange rate variations \$m	Other changes \$m	Total \$m		
FOREIGN INVESTMENT IN AUSTRALIA								
Equity								
1993-94	123 895	3 570	16 306	167	12 169	32 212	156 107	7 991
1994-95	156 107	6 256	6 873	92	-2 141	11 079	167 186	12 155
1995-96	167 186	6 187	12 134	-31	4 677	22 967	190 153	12 736
Borrowing								
1993-94	209 529	..	7 452	-6 281	-3 563	-2 392	207 137	10 950
1994-95	207 137	..	8 371	6 703	1 780	16 853	223 990	12 303
1995-96	223 990	..	22 424	-12 577	1 645	11 492	235 482	12 850
Other investment								
1993-94	6 880	..	831	-71	1 332	2 092	8 972	88
1994-95	8 972	..	1 487	-49	151	1 588	10 560	53
1995-96	10 560	..	389	57	60	507	11 067	22
Total								
1993-94	340 305	3 570	24 589	-6 185	9 938	31 911	372 216	19 029
1994-95	372 216	6 256	16 731	6 745	-211	29 520	401 736	24 511
1995-96	401 736	6 187	34 947	-12 550	6 383	34 966	436 703	25 609

For footnotes see end of table.

...continued

29.30 INTERNATIONAL INVESTMENT POSITION AND INCOME — continued

	Levels of investment at beginning of year \$m	Changes in levels of investment during the year					Levels of investment at end of year \$m	Investment income(a) \$m
		Reinvestment of earnings of direct investors \$m	Other transactions \$m	Exchange rate variations \$m	Other changes \$m	Total \$m		
AUSTRALIAN INVESTMENT ABROAD								
Equity								
1993-94	73 661	2 434	7 014	-3 819	2 337	7 967	81 628	3 192
1994-95	81 628	3 866	-640	4 488	982	8 697	90 324	4 744
1995-96	90 324	4 015	7 612	-7 879	1 464	5 212	95 536	5 625
Reserve assets								
1993-94	20 823		1 037	-976	-223	-162	20 661	853
1994-95	20 661		-1 971	1 308	186	-477	20 184	988
1995-96	20 184		817	-1 307	-635	-1 125	19 059	606
Lending								
1993-94	20 581	..	4 060	-1 078	-1 052	1 930	22 511	824
1994-95	22 511	..	-873	1 165	-968	-676	21 835	750
1995-96	21 835	..	8 847	-2 332	271	6 785	28 619	1 246
Other investment								
1993-94	7 513		1 594	-95	-4	1 495	9 009	31
1994-95	9 009	..	-790	94	98	-597	8 411	53
1995-96	8 411	..	873	-41	-492	340	8 751	59
Total								
1993-94	122 578	2 434	13 706	-5 968	1 058	11 230	133 808	4 901
1994-95	133 808	3 866	-4 274	7 055	299	6 946	140 754	6 534
1995-96	140 754	4 015	18 148	-11 560	608	11 212	151 966	7 536
INTERNATIONAL INVESTMENT POSITION(b)								
Net equity								
1993-94	50 234	1 136	9 292	3 986	9 831	24 245	74 479	4 798
1994-95	74 479	2 390	7 513	-4 396	-3 124	2 382	76 861	7 412
1995-96	76 861	2 172	4 522	7 849	3 213	17 755	94 617	7 111
Net foreign debt(c)								
1993-94	168 215	..	2 355	-4 227	-2 288	-4 160	163 965	9 272
1994-95	163 965	..	11 215	4 230	2 562	18 006	181 972	10 565
1995-96	181 972	..	12 760	-8 937	2 009	5 832	187 804	10 998
Other investment								
1993-94	-633	..	-764	24	1 336	596	-37	57
1994-95	-37	..	2 277	-143	52	2 186	2 149	—
1995-96	2 149	..	-483	98	552	167	2 316	-37
Total								
1993-94	217 726	1 136	10 883	-217	8 880	20 681	238 408	14 127
1994-95	238 408	2 390	21 005	-310	-510	22 574	260 982	17 977
1995-96	260 982	2 172	16 799	-991	5 774	23 755	284 737	18 072

(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 1996 (5306.0)*.

Foreign debt

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. Accordingly foreign debt is a subset of the financial obligations that comprise a country's

international investment position. As table 29.31 shows, the level of net foreign debt at 30 June 1996 was \$187,804m, up 3% on 30 June 1995. The increase during 1995-96 resulted from net capital transactions of \$12,760m, exchange rate variations of -\$8,937m and other factors of \$2,009m.

29.31 LEVELS OF FOREIGN DEBT

	At 30 June				
	1992 \$m	1993 \$m	1994 \$m	1995 \$m	1996 \$m
Foreign borrowing (gross debt)(a)					
Official					
Commonwealth government and Reserve Bank	16 848	21 469	22 913	28 176	36 176
State government	29 602	38 888	39 840	47 028	41 985
Total official	46 450	60 357	62 752	75 204	78 161
Non-official					
Financial enterprises					
Public sector	21 258	23 402	23 559	15 928	14 525
Private sector	63 247	64 321	67 424	83 051	95 708
Total financial enterprises	84 505	87 723	90 983	98 979	110 233
Trading enterprises					
Public sector	12 423	11 694	9 597	9 126	4 973
Private sector	48 954	49 756	43 804	40 682	42 115
Total trading enterprises	61 377	61 450	53 401	49 808	47 088
Total non-official	145 882	149 173	144 385	148 787	157 321
Total	192 331	209 529	207 137	223 990	235 482
Public sector					
Official	46 450	60 357	62 752	75 204	78 161
Non-official	33 681	35 096	33 156	25 054	19 498
Total public sector	80 131	95 452	95 909	100 257	97 659
Private sector	112 201	114 077	111 228	123 733	137 824
Australian lending abroad and reserve assets					
Official					
Reserve assets	22 240	20 823	20 661	20 184	19 059
Lending	175	140	661	58	21
Total official	22 415	20 963	21 322	20 242	19 080
Non-official					
Financial enterprises	13 795	16 765	20 167	21 927	29 000
Trading enterprises	2 056	3 676	1 683	-151	-401
Total non-official	15 851	20 441	21 850	21 776	28 599
Total	38 266	41 404	43 172	42 019	47 678
Public sector					
Official	22 415	20 963	21 322	20 242	19 080
Non-official	8 158	8 322	7 903	8 696	9 450
Total public sector	30 573	29 285	29 224	28 939	28 529
Private sector	7 693	12 119	13 948	13 080	19 149
Net foreign debt(a)(b)					
Official	24 035	39 394	41 431	54 961	59 081
Non-official					
Financial enterprises	70 710	70 958	70 816	77 052	81 233
Trading enterprises	59 321	57 774	51 718	49 959	47 489
Total non-official	130 030	128 732	122 534	127 010	128 722
Total	154 066	168 125	163 965	181 972	187 804
Public sector					
Official	24 035	39 394	41 431	54 961	59 081
Non-official	25 522	26 774	25 254	16 357	10 048
Total public sector	49 558	66 168	66 685	71 319	69 130
Private sector	104 508	101 958	97 281	110 653	118 674

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

Source: *International Investment Position, Australia, June Quarter 1996* (5306.0).

Net foreign debt of the public sector (official sector plus public trading and financial enterprises) fell by 3% during 1995–96, falling to \$69,130m at 30 June 1996 and accounting for 37% of total net foreign debt at that date. Net foreign debt of the private sector increased by 7% to \$118,674m. The increase in total net foreign debt was attributable to the official sector and financial enterprises, with trading enterprises recording a small decrease.

International investment ratios

Table 29.32 shows that, at 30 June 1996, the ratio of Australia's net foreign liabilities to GDP was 58.6%. This was the highest financial year result on record for this ratio. The ratio of net foreign debt to GDP was 38.6%, and the ratio of

net equity and other investment to GDP was 19.9%.

As shown in table 29.31, the ratio of net investment income payable abroad to exports of goods and services was 18.5% in 1995–96, a decrease of 2.3 percentage points over the previous year.

The net debt service ratio, that is, net investment income payable abroad on net foreign debt as a percentage of exports of goods and services, was 11.3% in 1995–96. The ratio of net investment income payable on equity and other foreign investment to exports of goods and services decreased 1.4 percentage points to 7.2% over the year.

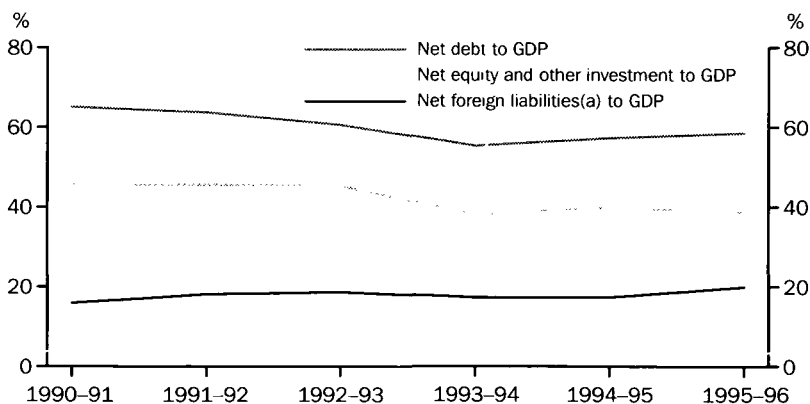
29.32 NET FOREIGN LIABILITIES, Ratios to GDP

Year	Annual GDP at current prices	Net foreign liabilities at end of period			Ratios of net foreign liabilities to GDP(a)		
		Foreign debt \$m	Equity and other investment \$m	Total \$m	Foreign debt %	Equity and other investment %	Total %
1990–91	378 964	142 249	48 361	190 611	37.6	12.8	50.3
1991–92	387 164	154 066	46 374	200 439	39.8	12.0	51.8
1992–93	405 764	168 125	49 601	217 726	41.4	12.2	53.7
1993–94	430 424	163 965	74 442	238 408	38.1	17.3	55.4
1994–95	455 616	181 972	79 010	260 982	39.9	17.3	57.3
1995–96	486 054	187 804	96 933	284 737	38.6	19.9	58.6

(a) These ratios are derived by expressing net foreign liabilities at a particular date as a percentage of GDP(I) for the year preceding this date.

Source: *International Investment Position, Australia, June Quarter 1996 (5306.0)*.

29.33 RATIO OF NET FOREIGN LIABILITIES TO GDP



(a) Net international investment position.

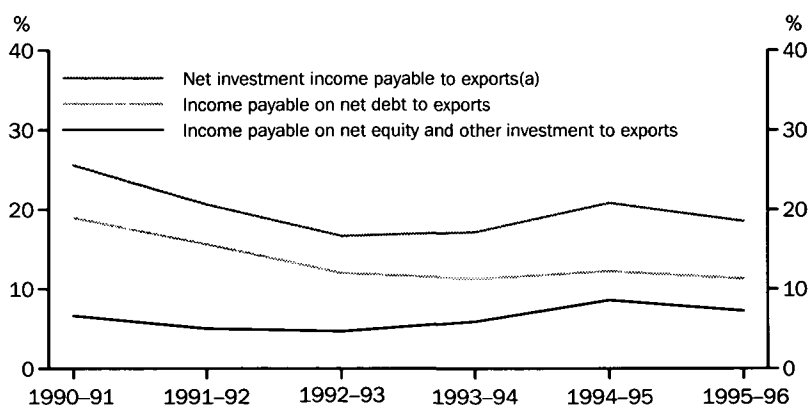
Source: *International Investment Position Australia June Quarter 1996 (5306.0)*

29.34 NET INVESTMENT INCOME, Ratios to Exports

Year	Exports of goods and services	Net investment income payable abroad			Ratios of net investment income payable to exports(a)		
		Foreign debt \$m	Equity and other investment \$m	Total \$m	Foreign debt %	Equity and other investment %	Total %
1990–91	66 257	12 566	4 387	16 952	19.0	6.6	25.6
1991–92	69 959	10 932	3 507	14 439	15.6	5.0	20.6
1992–93	76 396	9 165	3 563	12 728	12.0	4.7	16.7
1993–94	82 361	9 272	4 855	14 127	11.3	5.9	17.2
1994–95	86 381	10 565	7 412	17 977	12.2	8.6	20.8
1995–96	97 600	10 998	7 074	18 072	11.3	7.2	18.5

(a) These ratios are derived by expressing net income payable as a percentage of exports of goods and services for the year preceding this date.

Source: *International Investment Position, Australia, June Quarter 1996 (5306.0)*.

29.35 RATIO OF NET INVESTMENT INCOME TO EXPORTS(a)

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

Source: *International Investment Position, Australia, June Quarter, 1996 (5306.0)*.

International investment by country

Tables 29.36 and 29.37 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 United States was the leading investor country at 30 June 1995, with \$88,649m (22%) of the total stock of foreign investment in Australia,

followed by the United Kingdom with \$76,034m and Japan with \$50,913m. The level of borrowing raised on the international capital markets (e.g. Eurobonds and similar issues) was \$76,329m at 30 June 1995.

As at 30 June 1995, Australian investment abroad was highest in the United States, with a level of \$35,683m (25%), followed by the United Kingdom with \$27,709m, New Zealand with \$10,746m and Japan with \$8,718m.

29.36 FOREIGN INVESTMENT IN AUSTRALIA, By Country(a)

	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
CAPITAL TRANSACTIONS						
OECD						
USA	2 111	6 882	4 337	10 297	8 878	2 148
Japan	7 887	2 092	-136	-3 057	-1 622	756
Switzerland	493	-945	-266	31	258	-253
EU						
United Kingdom	112	5 055	1 904	3 533	8 654	2 130
Other (b)	756	-604	-925	849	4 376	2 649
Total EU	868	4 451	979	4 382	13 030	4 779
Other OECD	185	1 988	406	834	1 436	326
Total OECD	11 544	14 468	5 320	12 487	21 980	7 756
ASEAN	644	-1 083	663	-1 137	961	-376
Other countries(c)	666	1 881	2 399	1 676	3 677	-141
International capital markets	10 234	3 026	5 491	5 584	516	11 533
International institutions	-30	757	82	-954	12	321
Unallocated	2 050	1 944	1 766	686	1 814	4 380
Total	25 108	20 993	15 721	18 342	28 960	23 473
APEC	10 727	9 958	7 400	8 722	11 976	3 035
INVESTMENT INCOME						
OECD						
USA	4 345	3 969	3 176	4 963	5 517	5 217
Japan	3 632	3 145	2 897	2 225	2 187	2 773
Switzerland	541	478	406	477	439	443
EU						
United Kingdom	3 287	3 026	2 723	3 174	3 542	4 542
Other (b)	1 427	995	952	1 085	1 195	1 642
Total EU	4 714	4 021	3 675	4 259	4 737	6 184
Other OECD	373	150	78	606	366	398
Total OECD	13 605	11 763	10 232	12 530	13 246	15 015
ASEAN	691	545	355	376	275	375
Other countries(c)	628	992	790	901	770	933
International capital markets	4 024	4 950	4 571	3 337	3 712	3 957
International institutions	34	39	25	40	35	-4
Unallocated	999	1 887	2 178	808	991	3 434
Total	19 981	20 176	18 151	17 992	19 029	23 710
APEC	8 766	7 763	7 142	8 955	8 928	9 584
LEVELS OF INVESTMENT AT 30 JUNE						
OECD						
USA	47 428	55 267	58 071	74 321	83 995	88 649
Japan	47 836	51 026	52 393	51 479	49 008	50 913
Switzerland	7 530	7 248	6 587	8 077	8 132	7 132
EC						
United Kingdom	50 646	54 300	59 722	63 509	75 317	76 034
Other (b)	22 187	21 462	22 066	23 256	31 166	36 178
Total EU	72 833	75 762	81 788	86 765	106 483	112 212
Other OECD	9 771	12 224	11 920	11 071	12 382	12 266
Total OECD	185 398	201 527	210 759	231 713	260 000	271 172
ASEAN	7 723	6 729	8 014	7 500	8 893	8 436
Other countries(c)	11 716	13 309	15 964	19 869	21 831	22 584
International capital markets	46 632	50 117	54 321	60 706	61 185	76 329
International institutions	257	1 014	1 097	142	154	476
Unallocated	14 883	17 803	18 986	18 369	18 732	21 946
Total	266 609	290 499	309 141	338 299	370 795	400 943
APEC	111 795	124 617	142 412	159 760	170 261	177 411

(a) Revised data by country for 1989-90, 1990-91 and 1991-92 is not available. (b) Prior to 1994-95 Austria, Finland and Sweden are included in 'Other OECD'. (c) Prior to 1994-95 Mexico is included in 'Other countries'.

Source: Balance of Payments and International Investment Position, Australia, 1994-95 (5363.0).

29.37 AUSTRALIAN INVESTMENT ABROAD, By Country(a)(b)

Country of investment	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
CAPITAL TRANSACTIONS						
OECD						
USA	2 324	264	-187	685	3 475	-2 103
New Zealand	1 691	293	-86	1 195	264	1 437
United Kingdom	1 314	1 900	-966	1 011	3 686	1 728
Japan	810	1 034	110	-206	2 828	-3 479
Other OECD(c)(d)	296	5 037	-679	-458	1 840	495
Total OECD	6 435	8 528	-1 808	2 227	12 093	-1 922
ASEAN	800	-303	393	778	531	815
Papua New Guinea	160	144	138	146	257	21
Other countries(d)	n.p.	-3 995	1 733	366	7	773
Reserve Bank gold(e)	—	—	—	-19	—	—
Unallocated	n.p.	-27	316	523	2 889	666
Total	5 931	4 347	772	4 021	15 777	353
INVESTMENT INCOME						
OECD						
USA	1 960	1 267	879	1 646	731	1 766
New Zealand	334	237	306	253	559	664
United Kingdom	-91	15	623	847	1 150	1 411
Japan	98	189	113	90	13	116
Other OECD(c)(d)	248	918	955	1 326	1 042	833
Total OECD	2 549	2 626	2 876	4 162	3 495	4 790
ASEAN	220	126	119	249	241	316
Papua New Guinea	-10	207	227	224	164	164
Other countries(d)	910	78	131	351	372	255
Unallocated	292	186	350	99	630	997
Total	3 961	3 223	3 703	5 085	4 902	6 522
LEVELS OF INVESTMENT AT 30 JUNE						
OECD						
USA	27 135	26 494	28 097	30 868	32 822	35 683
New Zealand	6 504	7 074	7 449	8 692	8 781	10 746
United Kingdom	18 014	18 934	20 520	20 589	25 777	27 709
Japan	5 115	6 339	6 207	7 885	11 211	8 718
Other OECD(c)(d)	15 268	20 151	21 789	22 019	21 752	23 461
Total OECD	72 036	78 992	84 062	90 053	100 343	106 317
ASEAN	4 480	4 047	4 961	6 062	6 406	8 154
Papua New Guinea	1 623	1 687	n.p.	2 291	2 381	2 157
Other countries(d)	10 251	6 493	n.p.	9 101	10 210	10 581
Reserve Bank gold(e)	3 541	3 804	3 639	4 448	4 208	4 316
Unallocated	4 290	4 778	6 589	9 577	9 512	9 701
Total	96 221	99 801	109 289	121 532	133 060	141 226

(a) Revised data for 1989-90 to 1993-94 is not available. (b) No country data for 1995-96 available. (c) Prior to 1994-95 Austria, Finland and Sweden are included in 'Other OECD'. (d) Prior to 1994-95 Mexico is included in 'Other Countries'. (e) Gold held by the Reserve Bank as part of reserve assets that cannot be allocated by country.

Source: *Balance of Payments and International Investment Position, Australia, 1994-95* (5363.0).

International investment by industry

The industry classification used in Australian international investment statistics is based upon the Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993 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 29.38, when analysed by industry, the largest inflows of investment during 1994–95 were into Government

administration and defence (\$12,537m), finance and insurance (\$6,039m), and manufacturing (\$5,644m). Net withdrawals of investment were recorded for a number of industries, the largest being retail trade (\$1,805m).

At 30 June 1995, the level of foreign investment was highest in the finance and insurance category, with \$132,608m (33%). This was followed by manufacturing (\$76,426m); government administration and defence (\$74,765m); mining (\$37,995m); and wholesale trade (\$25,891m)

29.38 FOREIGN INVESTMENT IN AUSTRALIA, By Industry(a)

	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
CAPITAL TRANSACTIONS						
Mining						
Coal, oil and gas	1 482	474	-36	-618	536	-834
Other mining	40	1 013	-47	853	704	127
Services to mining (including exploration)	286	-242	-159	-377	625	402
Total mining	1 808	1 245	-241	-142	1 865	-305
Manufacturing						
Food, beverages and tobacco	-13	1 476	1 252	1 239	2 298	444
Textiles, clothing, footwear and leather	240	-59	53	83	-61	159
Wood and paper product	243	-54	103	71	582	131
Printing, publishing and recorded media	481	45	-57	1 529	4 653	1 762
Petroleum, coal, chemical and assoc. product	1 788	825	356	705	954	1 459
Non-metallic mineral product	-84	-129	-84	53	-148	31
Metal product	-285	-279	930	433	960	517
Machinery and equipment	148	-211	168	77	154	1 147
Other	8	-21	18	-7	73	-8
Total manufacturing	2 526	1 593	2 740	4 182	9 466	5 644
Other industries						
Agriculture, forestry, fishing and hunting	-130	183	-64	111	-27	-277
Electricity, gas and water	171	-74	-784	-699	-865	-1 029
Construction	43	327	407	416	490	402
Wholesale trade	1 122	1 666	1 591	663	-3 697	-1 041
Retail trade	350	173	374	394	822	-1 805
Transport and storage	831	931	-519	-216	689	44
Finance and insurance(b)	11 664	13 759	8 828	1 239	10 786	6 039
Property and business services	2 043	1 776	709	-338	536	405
Government administration and defence(c)	3 185	-104	1 904	11 404	8 087	12 537
Other industries(d)	971	671	19	686	141	1 402
Unallocated	523	-1 153	758	641	667	1 458
Total	25 108	20 993	15 721	18 342	28 960	23 473
INVESTMENT INCOME						
Mining						
Coal, oil and gas	1 103	1 185	1 016	1 440	1 551	1 266
Other mining	707	956	515	492	600	903
Services to mining (including exploration)	85	17	24	56	44	27
Total mining	1 896	2 158	1 555	1 987	2 195	2 196
Manufacturing						
Food, beverages and tobacco	753	827	886	886	703	961
Textiles, clothing, footwear and leather	61	26	25	37	34	66
Wood and paper product	100	64	78	81	91	128
Printing, publishing and recorded media	238	249	424	620	661	531
Petroleum, coal, chemical and assoc. product	963	604	566	988	870	796
Non-metallic mineral product	36	-51	-12	np	20	33
Metal product	1 294	1 013	612	403	477	567
Machinery and equipment	311	-137	-17	562	466	1 126
Other	2	-3	-	np	1	3
Total manufacturing	3 757	2 591	2 562	3 589	3 323	4 211

For footnotes see end of table.

...continued

29.38 FOREIGN INVESTMENT IN AUSTRALIA, By Industry(a) — continued

	1989-90 \$m	1990-91 \$m	1991-92 \$m	1992-93 \$m	1993-94 \$m	1994-95 \$m
INVESTMENT INCOME — \i(continued)\i						
Other industries						
Agriculture, forestry, fishing and hunting	-10	90	50	69	28	7
Electricity, gas and water	295	317	277	224	73	125
Construction	55	12	71	43	40	91
Wholesale trade	1 770	1 159	573	921	1 265	1 658
Retail trade	275	178	127	223	257	194
Transport and storage	881	763	664	655	711	977
Finance and insurance(a)	4 959	7 216	6 738	5 591	5 688	6 626
Property and business services	588	456	479	290	403	650
Government administration and defence(c)	4 043	3 804	3 905	3 537	4 067	3 973
Other industries(d)	161	150	149	-87	-264	326
Unallocated	1 310	1 281	998	949	1 244	2 676
Total	19 981	20 176	18 151	17 992	19 029	23 710
LEVELS OF INVESTMENT AT 30 JUNE						
Mining						
Coal, oil and gas	11 521	12 023	12 098	11 895	12 268	11 131
Other mining	15 101	14 807	15 878	17 601	21 493	21 526
Services to mining (including exploration)	4 399	4 194	4 077	5 268	6 294	5 338
Total mining	31 022	31 023	32 053	34 764	40 055	37 995
Manufacturing						
Food, beverages and tobacco	12 905	14 075	13 681	14 724	16 979	17 372
Textiles, clothing, footwear and leather	680	618	611	625	752	932
Wood and paper product	1 434	1 444	1 671	1 730	2 422	2 726
Printing, publishing and recorded media	2 929	2 492	2 794	7 068	11 098	14 433
Petroleum, coal, chemical and assoc. product	12 999	11 888	12 750	13 241	15 508	15 226
Non-metallic mineral product	932	968	805	753	634	625
Metal product	11 686	12 356	13 626	14 955	16 591	17 943
Machinery and equipment	5 247	5 813	6 093	5 939	6 288	7 050
Other	81	65	62	50	137	120
Total manufacturing	48 893	49 720	52 091	59 087	70 410	76 426
Other industries						
Agriculture, forestry, fishing and hunting	699	2 241	1 277	1 445	1 337	779
Electricity, gas and water	5 326	5 335	4 775	4 364	3 717	2 770
Construction	1 609	1 990	2 192	2 596	3 207	3 633
Wholesale trade	20 944	22 843	24 803	25 157	25 436	25 891
Retail trade	4 008	4 878	5 456	5 489	5 511	3 727
Transport and storage	8 185	9 085	8 957	8 819	9 694	9 533
Finance and insurance(b)	83 058	97 720	107 510	112 670	122 816	132 608
Property and business services	16 440	18 854	18 774	16 912	17 743	20 540
Government administration and defence(c)	38 675	40 258	43 448	58 078	60 909	74 765
Other industries(d)	4 381	4 884	5 395	6 282	7 001	8 680
Unallocated	3 370	1 669	2 409	2 637	2 959	3 594
Total	266 609	290 499	309 141	338 299	370 795	400 943

(a) The industry categories shown are based on the 1993 edition of ANZSIC 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, 1994-95 (5363.0).

Foreign ownership in Australia

Table 29.39 contains estimates of foreign ownership of Australian equity.

Of the total equity on issue by Australian enterprise groups at 31 December 1995, non-residents held equity valued at \$182b (30%) and residents held \$420.3b (70%).

When analysed by sector, it can be seen that the proportion of equity held by non-residents in private corporate trading enterprises increased from 40% at 30 June 1992 to 42% at 30 June 1994. It has varied between 42% and 45% since then, with 44% being recorded at 31 December 1995.

The value of non-residents' equity in banks rose steadily over the period 30 June 1992 to 31 December 1995. However, as a proportion of the total equity issued by banks, foreign-owned equity at 31 December 1995 was the same as at 30 June 1992. During that period the highest proportion of total equity held by non-residents was at 30 September 1994 (25%).

Non-resident equity holdings in non-bank deposit-taking institutions rose steadily as a proportion of the amount on issue, from 23% at 30 June 1992 to 29% at 31 December 1994. Although the amount of equity issued by the sector held by non-residents has continued to rise, the percentage of foreign ownership at 31 December 1995 has fallen to 24%.

The other financial institutions sector is largely composed of general insurers. Foreign ownership of equity in these institutions declined from 15% at 30 June 1992 to 11% at 30 June 1994, stayed at this level until 30 June 1995, rose to 12% at 30 September 1995 and remained at this level at 31 December 1995.

It should be noted that data problems may impact on the accuracy of the analysis. The estimated market value of equity, as shown in table 29.39, 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 1996 issue of *International Investment Position, Australia* (5306.0). The article includes a regional analysis and an analysis by degree of foreign influence.

29.39 OWNERSHIP OF EQUITY(a)

	Unit	Value of equity outstanding at end of period										
		1991-92	1992-93	1993-94	1994-95						1995-96	
					Sept.	Dec.	Mar.	June	Sept.	Dec.		
All sectors												
Amount issued	\$b	435.3	482.6	550	560.2	542.5	543.7	569.4	594.3	602.3		
Amount held by rest of the world	\$b	110.9	122.5	154.9	162.6	157.9	159.9	166.2	175.5	182		
Percentage of foreign ownership	%	25	25	28	29	29	29	29	30	30		
Selected sub-sectors(b)												
Private corporate trading enterprises												
Amount issued(c)	\$b	235.7	259.8	321.6	333.4	313.7	310.6	330.2	351.7	357.7		
Amount held by rest of the world	\$b	95.3	104.9	133.5	140.8	136.2	138.5	143.9	152.2	158.1		
Percentage foreign ownership	%	40	40	42	42	43	45	44	43	44		
Banks												
Amount issued(c)	\$b	35.7	43.3	47.8	45.5	46.7	51.6	52.5	57.4	60.5		
Amount held by rest of the world	\$b	7.6	8.9	11.3	11.6	11.4	11.5	12.1	12.1	12.9		
Percentage foreign ownership	%	21	21	24	25	24	22	23	21	21		
Non-bank deposit taking institutions												
Amount issued(c)	\$b	12.1	14.2	13.8	14.1	14.4	14.5	14.9	14.7	15.3		
Amount held by rest of the world	\$b	2.8	3.4	3.9	4.0	4.2	4.1	4.2	4.0	3.7		
Percentage foreign ownership	%	23	24	28	28	29	28	28	27	24		
Other financial institutions(d)												
Amount issued(c)	\$b	23.4	28.6	37.7	37.9	36.7	35.9	38.7	40.1	40.7		
Amount held by rest of the world	\$b	3.6	3.6	4.2	4.2	4.0	4.1	4.3	4.8	4.9		
Percentage foreign ownership	%	15	13	11	11	11	11	11	12	12		

(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: *International Investment Position, Australia, March Quarter 1996* (5306.0).

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