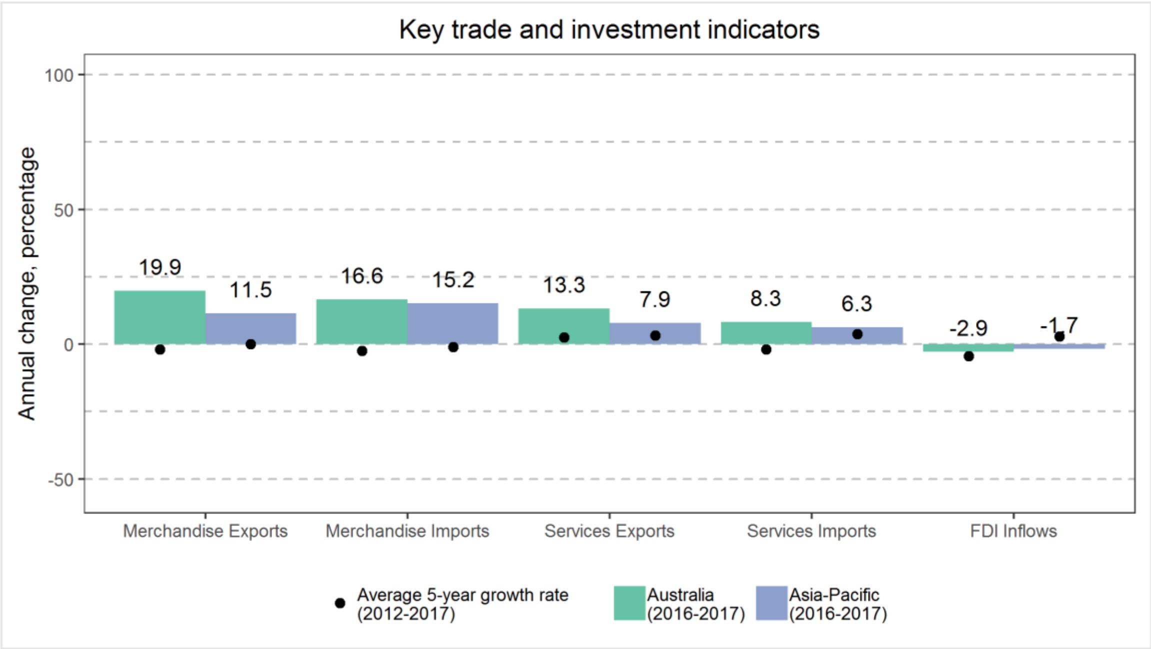
Asia-Pacific Trade Briefs: Australia



Merchandise Trade

Australia has a trade-to-GDP ratio of 43.69%. Merchandise trade accounted for 79.5% of Australia's total trade in 2017. Australia's merchandise exports declined by 2% on average during 2012-2017, lower than the Asia-Pacific average of 0% during the same time period. In 2017, Australia's merchandise exports grew by 19.9%, while in the Asia-Pacific region they increased by 11.5% in the same year. Meanwhile, Australia's merchandise imports decreased by 2.5% on average during 2012-2017, and recorded an increase of 16.6% between 2016 and 2017.

Services Trade

In 2017, Australia's commercial services' shares of total exports and imports were 20.4% and 20.7%, respectively. Commercial services exports grew by 2.5% on average during 2012-2017, lower than the Asia-Pacific average of 3.2% during the same time period. In 2017, Australia' commercial services exports grew by 13.3%, while in Asia-Pacific region they increased by 7.9%. Meanwhile, Australia's commercial services imports decreased by 1.9% on average during the 2012-2017 period, recording a growth rate of 8.3% from 2016 to 2017.

Foreign Direct Investment (FDI)

Australia recorded an average annual FDI inflows decline of 4.4% from 2012 to 2017, smaller than the Asia and the Pacific's 2.9% average annual FDI inflow growth. At the same time, Australia experienced a decline in FDI inflows by 2.9% in 2017. In terms of FDI outflows, Australia had an average annual FDI outflows decline of 7.6% in the last five years, smaller than the Asia and the Pacific's 3.5% average annual FDI outflow growth. In 2017, Australia experienced an increase in FDI outflows by 110.3%.

Top Trade Partners

In 2017, the largest trade partner of Australia was China, representing 34.3% of its exports and 24.3% of its imports. 15% of Australia's exports and 8% of Australia's imports by value were traded with Japan, its second largest trade partner. Other significant trade partners were United States, Republic of Korea, India, Thailand, Malaysia, New Zealand, Germany, and Singapore.

Top Traded Products

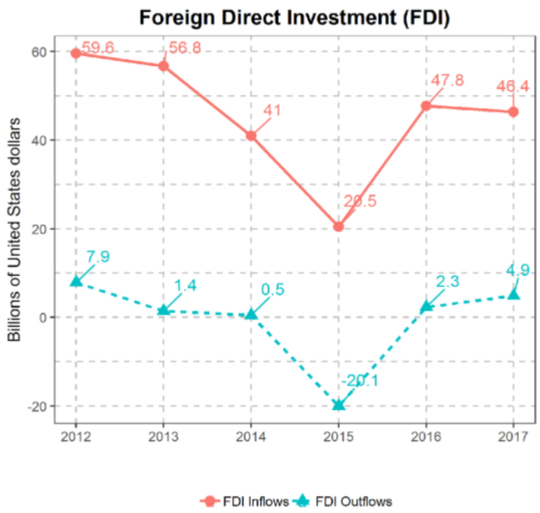
The largest product category exported by Australia in 2017 was "Iron ores and concentrates; including roasted iron pyrites" (2601), with an export share of 21.1% of total exports, followed by the second most exported product category, "Coal; briquettes, ovoids and similar solid fuels manufactured from coal" (2701), which accounted for 18.8% of Australia's total exports. In terms of imports, "Motor cars and other motor vehicles; principally designed for the transport of persons (other than those of heading no. 8702), including station wagons and racing cars" (8703) represented 7.9% of total imports, standing out the top imported product category. Meanwhile, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710) had a share of 18.8%, the second largest imported product category in Australia in 2017.

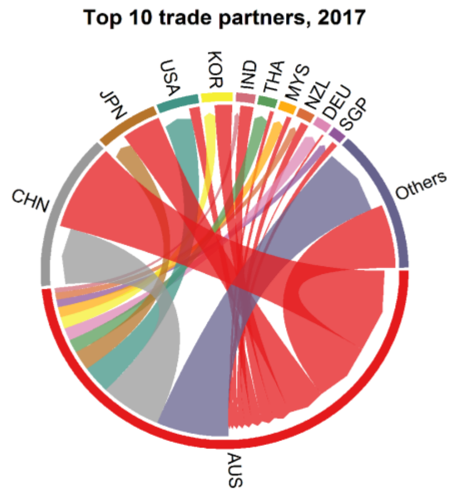
Tariffs

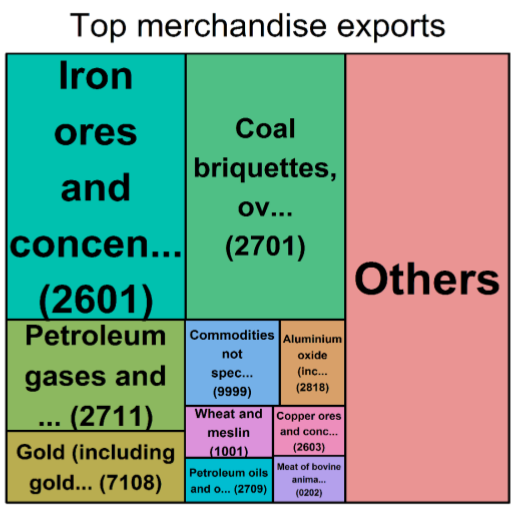
In 2017, average MFN applied and effectively applied tariffs in Australia were 2.44% and 2.14%, respectively - lower than the averages for the Asia-Pacific economies of 7.46% and 6.91%, respectively. Average MFN bound tariff rate of 9.75% was lower than the Asia-Pacific average of 26.35%. Australia is a founding member of the WTO. Currently, 97.13% of Australia's tariff lines are bound.

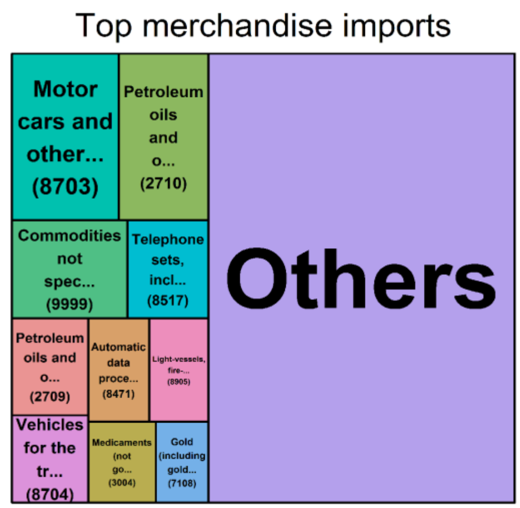
Trade Costs

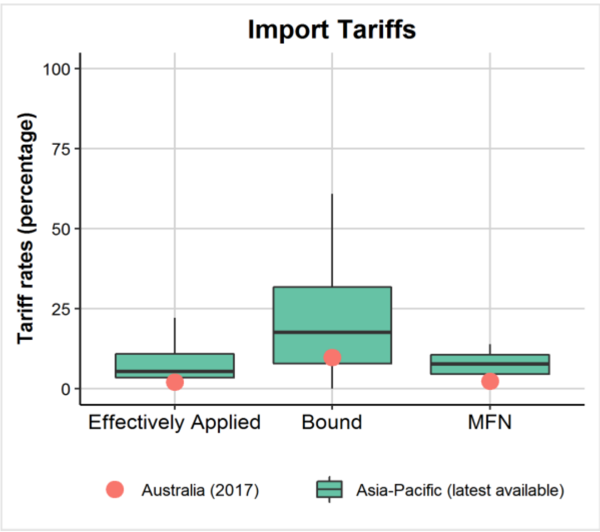
Australia's average trade costs with major trading economies in the region, are presented in the graph below. Trade costs in Australia remained higher compared with the most efficient traders in Asia and the Pacific.

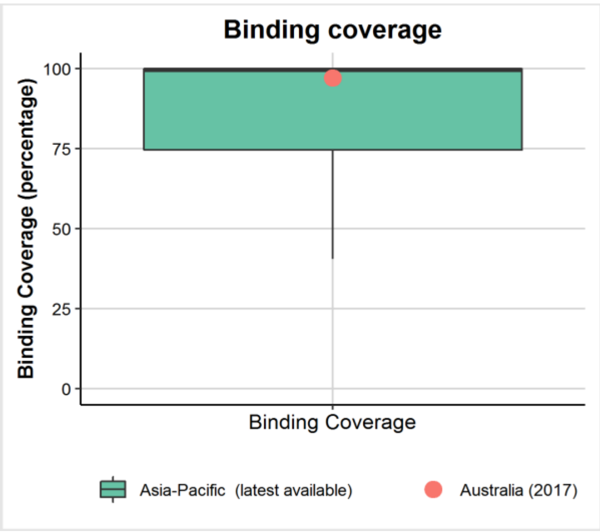

Foreign Direct Investment (FDI)
Billions of United States dollars
60
40
20
0
-20
2012
2013
2014
2015
2016
2017
59.6
56.8
41
20.5
47.8
46.4
7.9
1.4
0.5
-20.1
2.3
4.9
FDI Inflows
FDI Outflows

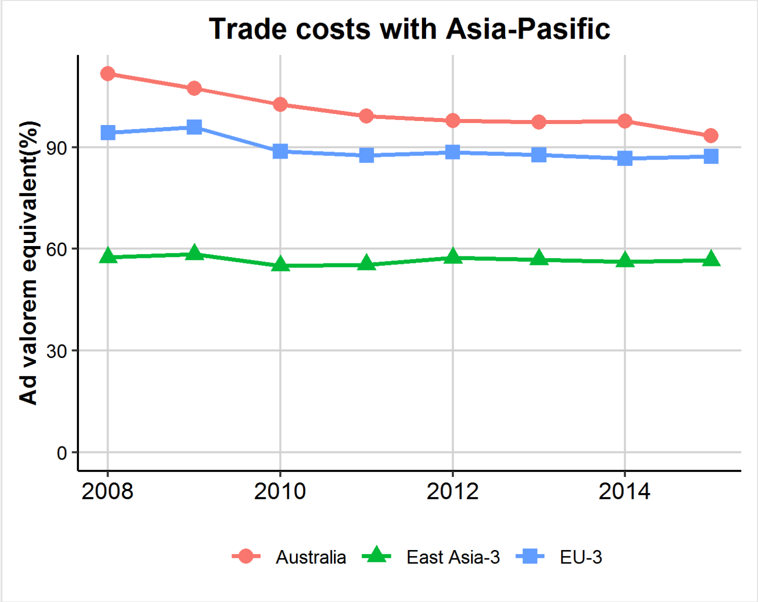

Top 10 trade partners, 2017
JPN
USA
KOR
IND
THA
MYS
NZL
DEU
SGP
Others
CHN
AUS


Top merchandise exports
Iron ores and concen... (2601)
Coal briquettes, ov... (2701)
Others
Petroleum gases and ... (2711)
Commodities not spec... (9999)
Aluminium oxide (inc... (2818)
Wheat and meslin (1001)
Copper ores and conc... (2603)
Gold (including gold... (7108)
Petroleum oils and o... (2709)
Meat of bovine anima... (0202)


Top merchandise imports
Motor cars and other... (8703)
Petroleum oils and o... (2710)
Others
Commodities not spec... (9999)
Telephone sets, incl... (8517)
Petroleum oils and o... (2709)
Automatic data proce... (8471)
Vehicles for the tr... (8704)
Medicaments (not go... (3004)
Gold (including gold... (7108)


Import Tariffs
Tariff rates (percentage)
100
75
50
25
0
Effectively Applied
Bound
MFN
Australia (2017)
Asia-Pacific (latest available)


Binding coverage
Binding Coverage (percentage)
100
75
50
25
0
Binding Coverage
Asia-Pacific (latest available)
Australia (2017)



Trade Agreements

Australia has 12 trade agreements in force, 2 signed agreements pending ratification, and 6 trade agreements under negotiation. Of the economy's total exports, 72.8% are directed to its trade agreement partners, while 65.6% of its total imports come from trade agreement partners.

Title	Status	Year in force	Share of total exports (%)	Share of total imports (%)
Australia-Papua New Guinea	in force	1977	0.59	1.19
South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA)	in force	1981	3.86	4.01
Australia-New Zealand	in force	1983	3.01	2.74
Australia-Singapore	in force	2003	2.26	2.92
Australia-Thailand	in force	2005	1.48	5.14
Australia-United States of America (US)	in force	2005	3.92	10.77