
FOREIGN TRANSACTIONS

This chapter includes statistics of foreign trade, balance of payments, foreign investment and foreign participation in enterprises in Australia.

FOREIGN TRADE

Constitutional Provisions and Legislation

Constitutional provisions

By the Commonwealth of Australia Constitution Act, section 51(1), the power to make laws with respect to trade and commerce with other countries was conferred on the Australian Parliament. Under section 86 of the Constitution, the collection and control of duties of customs and excise was passed to the Executive Government of the Commonwealth on 1 January 1901. Other references to trade and commerce are contained in sections 87 to 95 of the Constitution.

Commonwealth Government legislation

Commonwealth Government legislation affecting foreign trade includes the *Customs Act 1901*, the *Customs Tariff Act 1987* and the *Customs Tariff (Anti-Dumping) Act 1975*. The Customs Tariff Act provides the statutory authority for imposing the actual rates of duty operative from time to time, while the Customs Tariff (Anti-Dumping) Act provides protection for Australian industry against various forms of unfair trading.

The Customs Tariff

The first *Australian Customs Tariff* was introduced by Resolution on 8 October 1901, from which date uniform duties came into effect throughout Australia. The *Australian Customs Tariff* was developed in a period when government industry policy was influenced by a desire to protect Australian industries from import competition. More recently however, governments have held the view that for Australia to maximise its national income, it must encourage industries which are capable of operating under lower levels of protection. While customs collections are still a major source of revenue, the reliance on tariffs as an industry assistance measure is diminishing, with more emphasis being placed on measures which actively assist industry to improve its efficiency.

On 1 January 1988 Australia introduced a new Tariff based on the Harmonized Commodity Description and Coding System.

The customs value of imported goods is established in accordance with the principles of Article VII of the General Agreement on Tariffs and Trade. This system is given effect by section 154–section 161(D) of the Customs Act. The system provides several methods of valuing goods for Customs purposes as provided in section 157(1)–section 157(8).

In an unconditional sale, the customs value of imported goods will be based as far as possible on the transaction value method. This method provides for the acceptance of the price actually paid or payable to the vendor, provided sufficient and reliable information is available for this purpose. This price may be subject to adjustments under section 154(2) and section 159(3). If there is no price paid or payable, or the price is unacceptable, the other valuation methods must be attempted sequentially.

Rates of duty

The *Customs Tariff Act 1987* provides for three distinct types of rates.

General rates: These are set out in Schedule 3 to the Customs Tariff Act and apply to goods from all countries that do not qualify for either Special rates of duty or Concessional rates of duty for a particular tariff classification.

Special rates: These are set out in Schedule 3 to the Customs Tariff Act and apply to goods, the produce or manufacture of specified countries being:

- *Forum Island Countries.* These countries are set out in Part I of Schedule 1 to the Customs Tariff Act and preference is given to goods the subject of the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA).
- *Developing Countries.* Those countries set out in Part II of Schedule 1.
- *Papua New Guinea.* The rates of duty are set out in Schedule 3 to the Customs Tariff Act and preference is given to goods the subject of the Papua New Guinea–Australia Trade and Commercial Relations Agreement (PATCRA). Wherever Papua New Guinea is not mentioned in Schedule 3, goods take a FREE rate of duty.
- *New Zealand.* The rates of duty are set out in Schedule 3 to the Customs Tariff Act and preference is given to goods the subject of the Australia–New Zealand Closer Economic Relations—Trade Agreement (ANZCERTA). Where New Zealand is not mentioned in Schedule 3, goods take a FREE rate of duty.
- *Canada.* The rates of duty are set out in Schedule 3 to the Customs Tariff Act and preference is given to goods the subject of the Canada–Australia Trade Agreement (CANATA).

Concessional rates: The rates of duty are set out in Schedules 4 and 5 to the Customs Tariff Act:

- Schedule 4, applies to Special Concessional rates of duty and is applicable to imports from all sources complying with particular ownership or other provisions.
- Schedule 5, contains all rates of duty both normal and concessional, for goods subject to tariff quotas.

Import controls

The effects of the world-wide recession in the early 1970s necessitated the imposition of import controls over particular commodities to protect employment and investment in some important Australian industries. At present, the textile, clothing and footwear, motor vehicle and cheese industries are assisted by tariff quotas, while imports of certain used, secondhand or disposals earthmoving, excavating and materials handling equipment and certain used, secondhand and disposals four-wheel drive vehicles are subject to import licensing controls.

The decision to impose controls either in the form of import licensing or tariff quotas is made by the Commonwealth Government based on the recommendations of the Industries Assistance Commission after inquiry into the industry. Both forms of control are usually applied on a global basis and are intended to provide short term assistance to an industry but there are significant differences in their application.

Import licensing is a non-tariff form of protection that imposes an absolute restriction on the quantity, weight or value (as appropriate) of the goods that may be imported in a certain period. Goods imported without a licence cannot be entered for home consumption and may be subject to seizure as prohibited imports. The legal basis for import licensing is the Customs (Import Licensing) Regulations prescribed under the Customs Act.

In respect of goods subject to tariff quotas, by-laws are made pursuant to section 271 of the Customs Act and Determinations are made pursuant to section 273. These allow goods to be imported and cleared for home consumption at normal rates of customs duty up to a ceiling level specified by the government for a particular period. Additional temporary (or penalty) duties are applied to goods entered for home consumption outside the quota arrangements.

The Customs (Prohibited Imports) Regulations, as prescribed under section 50 of the Customs Act, list those commodities which are prohibited absolutely, or restricted, on social grounds. Other items are restricted on health grounds (human, animal or plant) by the *Quarantine Act 1908*, the *Therapeutic Goods Act 1966*, and the *Wildlife Protection (Regulation of Exports and Imports) Act 1982*; and sundry allied Commonwealth and State legislation.

Export controls

Section 112 of the *Customs Act 1901* provides that the Governor-General may, by regulation, prohibit the exportation of goods from Australia and that this power may be exercised by:

- (a) prohibiting the exportation of goods absolutely;
- (b) prohibiting the exportation of goods to a specified place; or
- (c) prohibiting the exportation of goods unless prescribed conditions or restrictions are complied with. Goods subject to this export control are listed in the Customs (Prohibited Exports) Regulations.

Export prohibitions may also be imposed under the Export Control Act administered by the Department of Primary Industries and Energy, the Wildlife Protection (Regulation of Exports and Imports) Act administered by the Department of Arts, Sport, the Environment, Tourism and Territories; the Quarantine Act; and sundry allied Commonwealth and State legislation.

Exchange control

Up to 25 June 1984, control over goods exported from Australia was maintained under the Banking (Foreign Exchange) Regulations to ensure that the full proceeds from the sale of such goods were received into the Australian banking system. However, as part of the general relaxation of exchange controls announced by the Government and applying from 25 June 1984, controls in respect of export proceeds were removed completely.

Trade descriptions

The *Commerce (Trade Descriptions) Act 1905*, administered by the Australian Customs Service, gives power to require the application of a proper trade description to certain prescribed goods imported into or exported from Australia. Goods which must bear a prescribed trade description upon importation into Australia are specified in the Commerce (Imports) Regulations. With regard to exports from Australia, marking requirements are prescribed in regulations issued under the Act and in relation to specified export commodities.

Export integration—EXIT

The Australian Customs Service (ACS) has developed an electronic communication network (EXIT) to integrate export documentation procedures involving the ACS, other government

agencies with responsibility for controlling exports, the ABS, exporters and freight carriers. The EXIT communication network streamlines the recording and reporting of export cargo.

Australian Trade Commission

The Australian Trade Commission (Austrade) was formed in January 1986 to provide a wide range of services to exporters. Functions taken over by the new authority were formerly carried out by the Trade Commissioner Service, the Export Development Grants Board, the Export Finance and Insurance Corporation, the Australian Overseas Projects Corporation and the marketing and promotion elements of the Department of Foreign Affairs and Trade.

The objectives of Austrade are to improve export performance by motivating industry to become more export oriented, to facilitate export marketing and to advocate an improved environment for export.

Austrade has offices in all capital cities, Wollongong, Newcastle, Geelong and Townsville. Offices are also located in all major overseas trading countries and in many other countries with representation by Australian Trade Correspondents and Marketing Officers.

Export finance and insurance

Austrade provides direct loans to overseas borrowers for the purchase of Australian capital goods and services. Finance is provided on an individual export project basis or on a line of credit basis under which a range of orders may be placed with different Australian suppliers. Austrade also offers guarantees to lending institutions which finance Australian exporters, or who make loans to overseas borrowers.

Insurance services are provided to cover Australian exporters of goods and services against non-payment or protracted delay in payment and against unfair calling of bonds and guarantees. Comprehensive export insurance policies can also cover against impositions of import restriction or cancellation of valid import licenses, the onset of war and revolution. Indemnities are provided to financial institutions or insurers providing bonds or guarantees to overseas buyers. Insurance is also provided to Australian firms against political risks associated with their overseas investments.

Export incentives

Austrade provides an export incentive scheme in the form of cash grants based on eligible expenditure for such overseas activities as market research, fares, representation, advertising and the cost of participating in overseas trade displays.

The Export Market Development Grants Scheme aims to encourage small to medium size Australian exporters to develop overseas markets for goods, specified services, industrial property rights and know-how which are substantially of Australian origin. Grants are determined on the basis of 70 per cent of eligible expenditure and are subject to a maximum of \$200,000 in any one grant year. The percentage grant for eligible expenditure reduces in subsequent years for which grants are payable to 7.5 per cent in the seventh and subsequent years.

The Scheme was introduced in 1985 and was revised in July 1988. Important changes include a new expenditure threshold of \$10,000, eligibility of expenditure on language training and the exclusion of promotion expenditure in New Zealand.

A high technology exporters scheme provides assistance to companies which have Management Investment Company or Australian Industry Development Corporation equity or financial interest.

Austrade administers the Innovative Agricultural Marketing Program which can provide up to \$250,000 per year to assist rural producers, processors, manufacturers and marketers to

bring to fruition innovative products and ideas for marketing rural products in export markets.

As an incentive to new small exporters, Austrade services are provided free of charge for 2 years. In recognition of achievement, Austrade runs an annual program of export awards.

Overseas projects

Austrade assists Australian businesses to obtain contracts associated with overseas projects. Specialist Trade Commissioners are stationed at strategic global locations to keep Australian businesses informed on developments. They identify project opportunities and provide early warning of project proposals and priorities.

Financial assistance for overseas projects is available from a Projects Market Development Fund. To improve the ability of Australian exporters to participate in the international projects market Austrade conducts educational seminars and workshops.

Overseas services

Through its overseas network, based upon the Trade Commission Service, Austrade is able to channel information on commercial opportunities direct to Australian companies. Trade Commissioner offices employ local staff who are expert in the language and marketing system of the countries in which they are located.

The overseas offices provide advice on commercial opportunities and economic developments and can assist in making representations to governments on such matters as tariffs, quarantine requirements or industrial standards. They can also help to resolve trade disputes. On a cost-recovery basis Trade Commissioners can obtain status reports on overseas agents or buyers.

Some overseas Austrade offices have showrooms which can be used to display and promote Australian products. Retail store promotions can also be arranged for Australian exporters. For a fee, overseas offices will arrange appointments, assist with interpreting, Customs clearance of samples and follow up contracts or provide use of office facilities such as photocopying, telex and telephone.

A brief account of the origins of the Trade Commissioner Service is available in *Year Book* No. 51.

International investment

Services have been developed for investment, joint ventures, technology transfer and industrial cooperation between Australian and foreign firms where such activity is directed towards increasing the international competitiveness and export capability of Australian industry. This may relate to investment by an overseas company in Australia or by an Australian company overseas.

Publications and videos

Guidance for exporters is available in a range of Austrade publications covering markets, export planning, country business guides and overseas import requirements.

An informative set of ten video tapes providing detailed profiles of Australia's most important markets are available from Austrade. Associated with eight of these videos are books which examine the economy, political systems, business practices, trade regulations and other important aspects of each market. Titles of the videos are Japan, EEC, China, India, United Kingdom, Thailand, New Zealand, Middle East, United States and Getting it Right Back Home.

Company export planning

Company Export Planning (CEP) is a service offered by Austrade to Australian exporters to assist the identification of a product's export potential, specific country markets and strategies for export.

Companies using the service have access to consultants for the preparation of export capability reports on products, research on up to three potential markets and Austrade overseas staff experience of the markets chosen. Advice can be obtained on product potential, distribution methods and potential agents supplemented by information on local culture, demography, market size, competition and related details.

Trade displays and publicity overseas

Austrade arranges participation at trade fairs, exhibitions and displays throughout the world. Australian exporters are encouraged to use the displays as an opportunity to make direct sales, obtain new markets, negotiate contracts and gauge market reaction to Australian products and services. Austrade provides space and a coordinated stand design and pays half of all direct costs of mounting a display including expenses of design, space rental, construction and publicity.

To create an awareness of Australian goods and services in overseas markets, Austrade undertakes advertising and publicity including direct mail and targeted trade media publicity. Special publications in English and other languages are produced. Product information is distributed to leading journals and newspapers in addition to direct advertising.

Trade missions and buying visits

Trade missions for specific industries or groups of firms and survey missions designed to explore prospects in new or developing areas are arranged regularly. Austrade also coordinates a program of visits to Australia by overseas buyers.

Foreign Trade Relations

Trade policy

As a major producer of primary commodities and manufactured goods, including a wide range of minerals and agricultural commodities, the Australian economy is very dependent on international trade. Australia is a major exporter of coal, iron ore, bauxite, alumina, manganese, nickel, mineral sands, diamonds, gold, uranium, natural gas, wool, meat, wheat, coarse grains, rice, cotton and sugar. Imports of capital equipment form a high proportion of total imports. There is a large market for imported manufactured goods even though Australia has extensive manufacturing industry. Trade in services is heavily imbalanced in favour of the rest of the world.

Australia is dependent on stable international trade markets for commodities, and trade policy objectives include:

- maintaining an open international trade and payments system;
- maintaining an equitable framework of multilateral rules based on non-discrimination, predictability and transparency which provides for progressive trade liberalisation;
- ensuring fair and reasonable access to markets for agricultural products, restraints on subsidised competition in third world markets and stability in commodity markets;
- achieving fair and stable prices for minerals and market security;
- promoting employment through increased exports in general and increased exports of manufactures and services in particular.

Further, Australia maintains a substantial involvement in the General Agreement on Tariffs and Trade (GATT), the Organisation for Economic Cooperation and Development (OECD)

and the United Nations Conference on Trade and Development (UNCTAD). It also participates in the activities of a number of international bodies concerned with trade in particular commodities.

In relation to trade with particular countries, Australia has representation in all major markets and has bilateral trade agreements with many of its major trading partners. The agreements normally provide for reciprocal favoured nation treatment for imports, close consultation on trade matters and, in many instances, the operation of a joint committee or commission. In some cases the agreements also embrace industrial and technical cooperation and business investment. (Some details of agreements with particular countries are included in the 1986 and earlier issues of the *Year Book*).

General Agreement on Tariffs and Trade—GATT

The GATT is an international treaty which provides a framework for the conduct of world trade. The GATT provides a forum for resolution of trade problems and its objective is an expansion of world trade through a reduction in trade barriers, leading to general economic growth and development.

The eighth Round of GATT trade negotiations was launched at Punta del Este in Uruguay during 1986. Australia is making a substantial commitment to the success of the Uruguay Round. As well as covering merchandise trade this round encompasses negotiations on rules to govern trade in services, and trade-related intellectual property rights and investment measures.

In recent years world trade in many agricultural commodities has been in crisis due to factors largely beyond Australian control. At the beginning of the Uruguay Round, Australia sought a stronger voice by initiating the Cairns Group of Fair Traders in Agriculture. The Group, comprising fourteen developed and less developed countries, has a common interest in securing a more stable trade environment for agricultural products. The main objectives for Australia in the Uruguay Round are to reduce subsidies and market access barriers particularly affecting agricultural trade, to improve the rules on the use of subsidies and emergency protection, to reduce protection affecting Australian exports, to make the GATT dispute settlement mechanisms more effective and to devise rules to keep services trade policies fair.

Australia, like other developed country contracting parties to the GATT, provides tariff preferences for developing countries under its Australian System of Tariff Preferences (ASTP). These preferences are unilateral, non-reciprocal and non-contractual. Margins of preference are 5 per cent below the General Tariff rate.

Organisation for Economic Cooperation and Development—OECD

In association with other members of the OECD, a communique was issued following the Ministerial Council Meeting in May 1987 which adopted principles and actions covering both domestic and international agricultural policy. This reflected many of the points put forward by the Prime Minister in his statement on 'Resolving the World Agricultural Crisis' made earlier at the European Management Forum in February 1987.

United Nations Conference on Trade and Development—UNCTAD

Australia actively participated in UNCTAD to achieve an outcome to its Seventh Session in July 1987 which reinforces the GATT agricultural trade objectives. Australia has advanced specific proposals for UNCTAD work to complement work in the GATT Uruguay Round. In particular, at the 33rd session of the UNCTAD Trade and Development Board and at subsequent meetings, analytical studies were proposed on agricultural protectionism and non-tariff trade barriers.

Collection and Presentation of Statistics

Source of data

Foreign trade statistics are compiled by the Australian Bureau of Statistics from documentation submitted by exporters and importers or their agents to the Australian Customs Service as required by the Customs Act.

Scope of the statistics

The statistics presented below are, with one exception, recorded on a *general trade* basis, i.e., total exports include both Australian produce and re-exports, and total imports comprise goods entered directly for home consumption together with goods imported into bonded warehouses. The statistics of import clearances, however, are recorded on a *special trade* basis, i.e., clearances comprise goods entered directly for home consumption together with goods cleared into the home market from bonded warehouses. Exports of Australian produce are goods, materials or articles which have been produced, manufactured or partly manufactured in Australia, except goods which were originally imported and have undergone only repair or minor operations which leave them essentially unchanged. Re-exports are goods, materials or articles originally imported which are exported either in the same condition in which they were imported or after undergoing repair or minor operations which leave them essentially unchanged. Minor operations include blending, packaging, bottling, cleaning, sorting, husking or shelling. Total exports are the aggregate of exports of Australian produce and re-exports.

The following are excluded from recorded trade statistics:

- (a) direct transit trade, i.e. goods being trans-shipped or moved through Australia for purposes of transport only;
- (b) migrants' and passengers' effects exported or imported; and parcel post exports and imports of small value, for which Customs entries are not required;
- (c) certain materials under inter-governmental agreements for defence and similar projects for which Customs entries are not required;
- (d) ships and aircraft engaged in the transport of passengers or goods between Australia and other countries;
- (e) the sale or purchase of certain ships intended for use on overseas routes;
- (f) the sale or purchase, prior to 1 July 1987, of any aircraft intended for use on overseas routes. From 1 July 1987, purchases of aircraft (and parts and components) intended for use on overseas routes are included in recorded import statistics. Sales of aircraft (and parts and components) which were imported into Australia on or after 1 July 1987 for use on overseas routes are included in recorded export statistics.
- (g) fish and other sea products landed in Australia or abroad directly from the high seas by Australian ships;
- (h) export consignments where the value of the goods in each transaction is less than \$500;
- (i) entries lodged on informal clearance documents (ICDs) for values not exceeding \$500. In addition, from 21 October 1985 onwards, ICDs for postal articles valued between \$250 and \$1,000 are excluded;

and for imports only:

- (j) bunkers and stores supplied to ships and aircraft prior to arrival in Australia.

Statistical period

Exports

Exports are recorded statistically in the month the entries are processed by the Australian Customs Service. Regular exporters or their agents may provide details of their export shipments on a periodic rather than an individual shipment basis by submitting weekly or monthly returns. These 'periodic returns' must be submitted to the Australian Customs Service within seven days of the end of the period in question covering all shipments during that period. All other exporters are required to report each individual shipment prior to the ship's departure. Approximately 90 per cent of monthly export values are recorded on periodic returns. The statistical month for Customs outports (generally ports other than those at which the main Customs Office in each State is located) closes on the twenty-first of each month, whereas for main ports the statistical month is the calendar month. Because of these factors, export statistics for a particular month do not necessarily represent all of the commodities actually exported during that month. Analysis of past data has shown that in aggregate approximately 40 per cent of export trade by value for a particular month reflects actual shipments during that month, 55 per cent by value was actually exported during the previous month with the remaining 5 per cent by value exported in earlier months. For individual commodities the percentage by value representing actual exports in a month may vary considerably.

Imports

Imports are recorded statistically in the calendar month in which the import entries were both finalised by the Australian Customs Service and passed to the Australian Bureau of Statistics (ABS) for further processing. Import entries may be lodged early using the check-to-arrive system or the documents may be delayed because of various validation checks carried out by Customs prior to the entries being passed to the ABS. Import statistics for a particular month do not necessarily represent entries lodged or commodities actually imported during the month in question. Analysis of past data has shown that in aggregate approximately 70 per cent of import trade by value recorded for a particular month was actually imported during that month, 25 per cent was actually imported during the previous month with the remaining 5 per cent being imported in earlier months. For individual commodities the percentage by value representing actual imports in a month may vary considerably.

State

For exports, State statistics comprise the State of origin for Australian produce. State of origin is defined as the State in which the final stage of production or manufacture occurs.

For imports, the State is that in which the import entry was lodged with the Australian Customs Service. The port of lodgement of the import entry is not necessarily the port of discharge of the goods. Goods forwarded interstate after import, whether in containers or not, are recorded as being imported at the port of lodgement of the import entry.

Valuation

Exports

Goods actually sold to overseas buyers prior to shipment are valued at the free-on-board (f.o.b.) Australian port of shipment equivalent of the actual price at which the goods were sold. Goods shipped on consignment are valued at the f.o.b. Australian port of shipment equivalent of the current price offering for similar goods of Australian origin in the principal markets of the country to which the goods are dispatched for sale. The recorded value of exports includes the value of the outside package, other than international containers used for containerised cargo.

Imports

The recorded value of imports is the customs value (formerly referred to as the value for duty). On 30 November 1981, Australia changed its system of valuation from the Brussels Definition of Value (BDV) to the GATT Agreement on Customs Valuation. The Agreement

reflects one of a number of trade related codes of conduct established during the round of Multilateral Trade Negotiations concluded in 1979. The GATT Agreement differs from the BDV in that it offers a set of practical rules on the valuation of imports rather than a list of conceptual guidelines. Under the Agreement the primary basis for establishing the customs value is the price actually paid or payable, provided a number of conditions are met. The most important condition is that the buyer and seller must be independent of each other. If the conditions are not met, the practical rules are used to determine the customs value. The recording of the value of imports remains on a free-on-board (f.o.b.) basis (i.e. the charges and expenses involved in delivering the goods from the place of exportation to Australia are excluded). As for exports, the recorded value of imports includes the value of outside packages, other than international containers used for containerised cargo. For details of the method of valuation used prior to 30 November 1981, see *Year Book* No. 66.

Merchandise exports and imports

In accordance with standards recommended by the United Nations:

- (a) *Merchandise exports* are defined as all goods which subtract from the stock of material resources in Australia as a result of their movement out of the country. Merchandise exports, therefore, exclude goods exported with the reasonable expectation of re-import within a limited time, for example, goods for temporary exhibition outside Australia.
- (b) *Merchandise imports* are defined as all goods which add to the stock of material resources in Australia as a result of their movement into the country. Merchandise imports, therefore, exclude goods imported with the reasonable expectation of re-export within a limited time, for example, goods for temporary exhibition in Australia.

From July 1985, non-merchandise trade is excluded from Australia's export and import statistics. This is in accordance with United Nations' recommendations and practices adopted by Australia's major trading partners. Statistics for periods prior to July 1985 included in this publication have been adjusted to be comparable with data from July 1985 onwards and, consequently, will not be directly comparable with previous publications.

For periods prior to 1 July 1987, trade in gold coins, whether or not they are legal tender, and other coins which are legal tender is classified as non-merchandise trade; for periods from 1 July 1987 these commodities are excluded from non-merchandise trade and are included in total exports and imports. The explanation for the change and for purposes of comparison, exports and imports data by country for 1985-86, 1986-87 and 1987-88 are shown in Appendix A of the January 1989 issue of *Exports, Australia* (5432.0).

Commodity classifications

Harmonized Tariff

Australian Harmonized Export Commodity Classification

For periods up to the end of December 1987, exports and imports were classified according to the items of the *Australian Export Commodity Classification* (AECC) and the *Australian Import Commodity Classification* (AICC) respectively which are based on the *Standard International Trade Classification, Revision 2* (United Nations Statistical Papers, Series M, No. 34, Revision 2 1975).

From 1 January 1988, import and export data have been reported solely according to the Harmonized Tariff and the *Australian Harmonized Export Commodity Classification* respectively. Statistical output is now presented according to the codes and description of the *Standard International Trade Classification* (SITC) Revision 3, which is closely aligned with the Harmonized commodity classifications. However, commodity statistics for the period from 1 January 1988 shown in this issue of the *Year Book* have been recompiled according to the divisions of the AECC and AICC, so as to present annual figures for

the period 1985–86 to 1987–88 on a comparable basis. Subsequent issues of the *Year Book* will show export and import data on a SITC (Revision 3) basis.

Australian Standard Commodity Classification

The *Australian Standard Commodity Classification* (ASCC) has been developed by the ABS to enable users to compare statistics of commodities produced in Australia with statistics of commodities imported and exported.

The ASCC manual (1207.0 and 1208.0) links production, import and export items at their most detailed level of comparability in the form of standard (ASCC) commodity items. In a number of cases, however, due to the differences between production, import and export items, comparability is only achieved at fairly broad aggregate levels. In the ASCC, commodities are grouped under industries (as defined in the *Australian Standard Industrial Classification*) in which they are typically produced. (See Chapter 18, Manufacturing and Retail Trade).

Australian Standard Industrial Classification—ASIC, industry of origin

Export and import statistics are classified according to subdivisions of ASIC. The statistics are compiled by allocating statistical items of AECC and AICC to the ASIC industry of origin with whose main economic activities the commodities are primarily associated. A full description of ASIC classes is contained in the publication *Australian Standard Industrial Classification, Vol. 1—The Classification* (1201.0).

Broad Economic Categories

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

Country

For the purposes of foreign 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 provisions. External territories under Australian administration are treated separately while self-governing territories and dependant territories under the administration of other countries may be treated as individual countries in Australian foreign trade statistics.

Exports: for exports, country refers to the country to which the goods were consigned at the time of export. Where it was found to be impossible to determine the destination, goods are recorded as *Destination unknown*.

Imports: for imports, country refers to the country of origin of the goods which is defined as the country of production for customs purposes. Where it is found to be impossible to determine the origin, goods are recorded as *Origin unknown*.

Quantity data

Where quantities are shown they are generally expressed in terms of the normal unit of quantity used in the appropriate industry and as specified in the AECC and AICC. Quantities are not tabulated in respect of statistical items for which there is no appropriate unit of quantity (e.g. a statistical item which covers a number of commodities that cannot be recorded under a single unit of quantity).

Excess of exports or imports

The excess of the value of exports or imports does not represent the balance of trade. The balance of trade is the excess of exports or imports on a *balance of payments* basis. Details of the adjustments (relating to coverage, timing and valuation) made to total

recorded exports and imports for balance of payments purposes, are set out in the annual publication *Balance of Payments, Australia* (5303.0).

Treatment of confidential data

To ensure that information about the activities of particular businesses is not disclosed, it is necessary to restrict the release of statistics of certain commodities. These restrictions do not affect total export or import figures but they can affect statistics at all levels.

Foreign Trade Statistics

Total foreign trade

The following table shows the total Australian trade with foreign countries from 1982-83 to 1987-88.

FOREIGN TRADE
(\$ million)

Year	Exports	Imports	Excess of exports (+) or imports (-)
1982-83	21,454	21,216	+238
1983-84	24,013	23,540	+473
1984-85	29,708	29,049	+659
1985-86	32,795	34,691	-1,896
1986-87	35,783	37,022	-1,239
1987-88(a)	40,943	40,594	+349

(a) For periods from 1 July 1987, trade in gold coins, whether or not they are legal tender, and other coins which are legal tender is included in total exports and total imports. For periods prior to 1 July 1987 these commodities are included in non-merchandise trade.

The following table shows particulars of non-merchandise trade for recent years.

NON-MERCHANDISE TRADE
(\$ million)

Year	Exports	Imports
1982-83	668	590
1983-84	753	521
1984-85	834	971
1985-86	1,418	1,045
1986-87	1,392	1,101
1987-88(a)	1,455	1,342

(a) For periods prior to 1 July 1987, trade in gold coins, whether or not they are legal tender, and other coins which are legal tender is included in non-merchandise trade. For periods from 1 July 1987 these commodities are included in total exports and total imports.

Classified summary of Australian foreign trade

The following table shows exports and imports according to divisions of the Australian Export and Import Commodity Classifications (based on the *Standard International Trade Classification* revision 2). Data for the period January to June 1988, while collected according to the codes of the Australian Harmonized Export Commodity Classification and the Harmonized Tariff, have been recompiled on the basis of the AECC and AICC, so as to present annual figures for the period 1985-86 to 1987-88 on a comparable basis.

**EXPORTS AND IMPORTS: DIVISIONS OF THE AUSTRALIAN EXPORT
AND IMPORT COMMODITY CLASSIFICATIONS**
(**\$'000**)

Division No.	Description	Exports			Imports		
		1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
00	Live animals	279,471	308,525	295,330	81,892	112,824	147,322
01	Meat and meat preparations	1,700,569	2,249,451	2,552,508	16,674	16,334	19,236
02	Dairy products and birds' eggs	437,109	467,584	503,163	78,344	80,963	87,393
03	Fish, crustaceans and molluscs, and preparations thereof	484,834	600,500	729,867	333,381	422,635	409,329
04	Cereals and cereal preparations	(a)3,928,636	(a)2,800,645	(a)2,310,037	68,528	72,846	73,431
05	Vegetables and fruit	371,825	550,857	601,156	262,823	(b)271,545	(b)282,237
06	Sugar, sugar preparations, honey	649,537	693,957	734,553	22,927	28,333	33,578
07	Coffee, tea, cocoa, spices and manufactures thereof	57,140	65,271	63,756	418,781	404,918	378,246
08	Feeding stuff for animals (not including unmilled cereals)	147,819	208,760	247,068	37,828	54,499	50,635
09	Miscellaneous edible products and preparations	29,170	47,965	75,469	96,958	147,078	186,671
11	Beverages	69,528	132,904	225,303	199,890	210,683	234,001
12	Tobacco and tobacco manufactures	15,179	18,654	24,762	97,693	116,140	110,561
21	Hides, skins and furskins, raw	395,373	543,313	684,980	3,788	3,841	9,929
22	Oil seeds and oleaginous fruit	51,247	41,074	31,534	7,744	9,675	18,599
23	Crude rubber (including synthetic and reclaimed)	4,331	5,618	7,171	75,845	87,713	99,480
24	Cork and wood	264,454	361,085	394,834	328,438	297,560	382,477
25	Pulp and waste paper	14,673	27,564	31,419	103,739	171,103	224,802
26	Textile fibres and their wastes (other than wool tops) (not manufactured into yarn or fabric)	3,207,154	3,871,492	5,599,966	134,632	150,374	164,927
27	Crude fertilisers and crude minerals (excluding coal, petroleum and precious stones)	152,617	(c)103,384	173,823	259,961	224,207	248,380
28	Metalliferous ores and metal scrap	(d)4,850,663	(d)4,853,082	(d)5,224,529	26,148	38,817	68,912
29	Crude animal and vege- table materials, n.e.s.	70,470	97,354	117,256	82,417	99,991	104,337
32	Coal, coke and briquettes	5,239,732	5,456,081	4,833,594	3,041	2,788	5,051
33	Petroleum, petroleum products and related materials	2,276,015	1,622,111	1,943,353	1,923,951	1,742,177	2,036,447
34	Gas, natural and manu- factured	460,851	230,944	245,185	384	4,255	4,752
41	Animal oils and fats	116,419	89,679	117,594	1,026	2,020	1,467
42	Fixed vegetable oils and fats	14,033	22,251	12,618	43,612	64,271	89,721
43	Animal and vegetable oils, fats, and waxes of animal or vegetable origin	11,850	11,370	8,433	48,974	(e)25,146	(e)17,218
51	Organic chemicals	(f)53,916	(f)50,784	95,961	(g)765,610	(h)880,624	(i)1,105,896
52	Inorganic chemicals	(j)58,601	65,763	78,996	(k)248,714	(l)321,597	(l)518,589
53	Dyeing, tanning and colouring materials	(m)29,536	(m)35,084	(m)81,401	143,100	189,043	194,571

**EXPORTS AND IMPORTS: DIVISIONS OF THE AUSTRALIAN EXPORT AND IMPORT
COMMODITY CLASSIFICATIONS—continued**
(\$'000)

Division No.	Description	Exports			Imports		
		1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
54	Medicinal and pharmaceutical products	147,478	166,307	204,166	393,036	507,939	647,264
55	Essential oils and perfume materials; toilet, polishing and cleansing preparations	58,671	57,208	76,035	220,834	241,726	269,216
56	Fertilisers, manufactured	2,316	5,339	7,066	146,587	139,771	137,967
57	Explosives and pyrotechnic products	7,748	5,401	6,294	15,988	14,099	30,361
58	Artificial resins and plastic materials, and products	133,238	137,479	168,244	(n)679,018	(n)783,693	(n)923,839
59	Chemical materials and products, n.e.s.	101,813	140,003	169,749	411,511	393,546	(o)446,747
61	Leather, leather manufactures, n.e.s. and dressed furskins	88,473	118,410	171,609	126,074	151,549	167,990
62	Rubber manufactures, n.e.s.	19,095	41,076	68,350	449,521	461,864	571,022
63	Cork and wood manufactures (excluding furniture)	7,810	(q)9,157	(q)12,942	167,827	169,075	188,549
64	Paper, paperboard and manufactures, and articles of paperpulp, of paper or of paperboard	74,642	103,887	98,782	842,161	1,012,783	1,206,474
65	Textile yarn, fabrics, made-up articles, n.e.s. and related products	221,325	246,004	311,373	1,678,333	(s)1,831,296	(t)1,926,516
66	Non-metallic mineral manufactures, n.e.s.	(u)150,018	(u)174,755	(u)259,501	(v)653,664	(v)712,597	(v)849,359
67	Iron and steel	580,415	590,184	504,073	608,939	634,441	836,092
68	Non-ferrous metals	1,947,667	2,307,831	3,223,222	164,653	203,039	249,728
69	Manufactures of metal, n.e.s.	190,230	243,444	275,977	(w)928,687	(w)1,009,115	(w)1,130,566
71	Power generating machinery and equipment	229,152	295,556	365,784	991,454	1,216,203	1,210,055
72	Machinery specialised for particular industries	240,785	305,437	313,752	(x)2,052,115	(y)1,736,810	(y)1,992,991
73	Metalworking machinery	27,353	26,018	37,957	384,961	481,443	385,719
74	General industrial machinery and equipment, n.e.s. and machine parts, n.e.s.	179,502	236,294	285,448	(z)1,853,658	(z)1,983,543	(z)2,284,175
75	Office machines and automatic data processing equipment	219,638	389,994	437,879	2,173,629	2,557,234	2,646,299
76	Telecommunications and sound recording and reproducing apparatus and equipment	66,435	87,574	116,196	1,466,493	1,497,599	1,508,104
77	Electrical machinery, apparatus and appliances, n.e.s. and electrical parts thereof	181,461	(aa)255,642	(aa)289,992	(ab)1,842,672	(ab)1,884,625	2,141,571
78	Road vehicles (including air cushion vehicles)	261,557	438,692	524,445	3,771,337	2,720,006	3,139,460
79	Other transport equipment	205,951	577,042	374,369	605,174	1,345,116	1,060,357
81	Sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.	10,079	15,563	13,978	80,259	75,368	97,646
82	Furniture and parts thereof	22,366	33,594	40,703	237,702	235,303	254,671
83	Travel goods, handbags and similar containers	2,982	4,174	4,269	146,773	179,697	186,571
84	Articles of apparel and clothing accessories	23,277	39,274	57,889	567,859	656,513	721,090
85	Footwear	6,750	9,416	10,139	207,614	250,764	269,831
87	Professional, scientific and controlling instruments and apparatus, n.e.s.	162,425	176,695	214,264	844,775	906,984	961,050

**EXPORTS AND IMPORTS: DIVISIONS OF THE AUSTRALIAN EXPORT AND IMPORT
COMMODITY CLASSIFICATIONS—continued**
(**\$'000**)

Division No.	Description	Exports			Imports		
		1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
88	Photographic apparatus, equipment and supplies and optical goods, n.e.s., watches and clocks	203,108	249,570	278,033	(ac)635,477	(ac)719,959	(ad)716,503
89	Miscellaneous manufactured articles, n.e.s.	228,421	325,394	404,908	(ae)1,948,610	(ae)2,160,228	(ae)2,367,375
9A	Commodities and transactions of trade, n.e.s. (af)(ag)	130,073	2,337,065	3,452,339	1,476,959	1,893,984	1,759,026
98	Gold coin and other coin being legal tender (ah)	..	..	118,143	..	..	1,930
Total trade (ai)(aj)		32,795,007	35,782,583	40,943,492	34,691,197	37,021,910	40,594,330

(a) Excludes AECC items 042.12.01, 042.12.03, 042.21.15 and 042.22.00. (b) Excludes AICC items 054.20.27 and 054.20.39. (c) Excludes AECC item 278.30.05. (d) Excludes AECC items 287.31.00, 287.70.00, 287.93.07 and 287.99.19. (e) Excludes AICC item 431.10.08. (f) Excludes AECC item 511.30.09 (from 1.11.85 to 28.2.87). (g) Excludes AICC items 511.13.01, 511.39.01 (from 1.6.86 to 31.8.86) 511.39.07, 511.40.01, 512.17.02, 512.17.15, 513.79.13 (to 31.07.85), 513.90.01, 513.90.13 (to 30.11.85), 513.90.15 and 513.90.39. (h) Excludes AICC items 511.13.01, 511.39.01 (from 1.6.86 to 31.8.86), 511.39.07, 511.40.01, 512.17.02, 512.17.15, 513.90.01, 513.90.15, 513.90.39 and 516.14.00. (i) Excludes AICC items 511.13.01, 511.39.07, 511.39.24, 511.40.01 (to 31.10.87), 512.17.02, 512.17.15, 513.90.01 (to 30.11.87), 513.90.15 (to 31.10.87), 513.90.39 (to 31.10.87) and 516.14.00. (j) Excludes AECC items 522.49.00 (to 30.11.85). (k) Excludes AICC item 522.13.00. (l) Excludes AICC items 522.13.00, 522.43.00 and 523.23.00. (m) Excludes AECC item 533.10.00 (to 30.11.87). (n) Excludes AICC item 582.70.04. (o) Excludes AICC item 598.99.13 (from 1.10.87 to 31.10.87). (p) Excludes AECC item 634.32.00. (q) Excludes AICC item 651.43.09. (r) Excludes AICC items 651.43.09 and 657.33.04 (from 1.11.87). (s) Excludes AECC item 667.21.00. (v) Excludes AICC item 661.20.01. (w) Excludes AICC items 691.10.05, 694.01.02 and 695.39.60. (x) Excludes AICC item 723.30.01. (y) Excludes AICC items 721.19.07, 721.19.29 and 723.30.01. (z) Excludes AICC items 749.10.70 and 749.10.76. (aa) Excludes AECC item 775.77.01. (ab) Excludes AICC item 775.86.01 (to 30.11.86). (ac) Excludes AICC item 881.11.45. (ad) Excludes AICC items 881.11.45 and 882.23.25 (from 1.7.87). (ae) Excludes AICC item 899.31.09. (af) Includes export commodities above subject to a confidentiality restriction and not included in the relevant AECC Division. (ag) Includes imports commodities above subject to a confidentiality restriction and not included in the relevant AICC Division. (ah) Division 98 is a dummy code used from 1 July 1987 to record the value of these commodities as merchandise trade. Trade in these commodities for periods prior to 1 July 1987 are recorded as non-merchandise. (ai) Total trade excludes non-merchandise trade. (aj) Includes from 1 July 1987 exports and imports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise.

EXPORTS OF MAJOR COMMODITIES

Description (AECC No.)	Quantity (tonnes)			Value (\$'000)		
	1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
Aircraft and associated equipment and parts thereof (792)	..	..	..	163,271	491,714	215,062
Alumina (aluminium oxide) (287.32)	7,426,429	8,070,634	8,309,948	1,377,498	1,526,146	1,664,108
Aluminium (684)	646,347	691,252	..	1,061,049	1,322,321	1,892,663
Artificial resins and plastics (582, 583)	..	..	..	121,746	118,233	77,322
Barley (043.00)	4,161,206	2,191,057	1,451,270	535,746	254,090	181,639
Cars, other road vehicles and parts thereof (78)	..	..	..	261,557	438,692	524,445
Cheese (024.00)	66,140	62,117	68,490	165,514	164,328	186,791
Coal (anthracite, bituminous) (except briquettes) (325.10.03, 05, 13)	90,275,166	97,718,276	102,319,970	5,201,812	5,427,651	4,754,353
Copper ores and concentrates (287.11)	266,071	166,933	185,036	121,398	69,800	128,806
Copper, refined, unwrought (682.12)	..	76,798	76,685	93,994	149,461	163,191
Cotton, not carded or combed (263.10)	241,240	250,624	176,479	378,267	344,978	351,299
Crustaceans and molluscs (except canned or bottled) (036)	22,646	23,507	27,848	414,719	488,535	606,939

EXPORTS OF MAJOR COMMODITIES—*continued*

Description (AECC No.)	Quantity (tonnes)			Value (\$'000)		
	1985-86	1986-87	1987-88	1985-86	1986-87	1987-88
Fruit and nuts, including fruit preserves and preparations (057, 058)	..	..	..	264,801	373,451	396,443
Gas, natural and manufactured (341)	..	..	..	460,851	230,944	245,185
Gold (971)	..	..	..	785,970	1,347,631	2,445,357
Hides and skins, bovine and equine (211.10, 20)	104,734	..	..	199,284	258,287	328,741
Iron and steel (67)	1,450,664	..	n.a.	580,013	590,184	494,144
Iron ore and concentrates (except roasted iron pyrites) (281.50, 60)	82,375,006	73,155,815	88,488,031	1,932,305	1,754,016	1,804,867
Lead and lead alloys (including silver-lead) unwrought (685.11, 12, 13)	332,546	288,171	306,997	281,126	291,485	441,490
Machinery and equipment, power generating (71)	..	..	..	229,152	295,556	365,784
Machinery specialised for particular industries (72)	..	..	..	240,785	305,437	313,752
Meat of bovine animals (011.11, 12)	477,031	565,494	639,589	1,317,230	1,753,322	2,035,045
Meat, fresh, chilled or frozen—sheep, lambs and goats (011.20)	144,003	167,623	166,163	218,526	295,716	309,224
Milk and cream (except fresh) (022.41, 42, 43, 49)	141,929	155,579	..	181,922	230,255	234,091
Nickel and nickel alloys, unwrought (683.10)	..	..	..	123,220	129,370	151,662
Nickel mattes, sinters, etc. (287.22)	..	..	..	364,313	253,726	151,638
Office machines and automatic data processing equipment (75)	..	..	..	219,638	389,994	437,879
Petroleum oils, crude (333)	..	..	..	1,152,522	786,660	955,404
Petroleum products (334, 335)	..	..	..	1,123,493	835,451	987,949
Photographic and cinematographic supplies (882)	..	..	..	158,903	183,675	217,538
Sheep and lambs, live (001.21)	..	..	..	170,643	206,077	222,218
Skins (excluding pieces) sheep and lamb, with wool on (211.60.03-22)	91,221	..	..	177,775	262,201	327,412
Sorghum, unmilled (045.92)	1,150,193	817,853	415,378	166,259	90,624	46,119
Sugar—from cane (except icing sugar) (061.10.01, 03; 061.20.01)	2,748,340	2,470,354	2,774,492	616,000	634,450	684,483
Titanium and zirconium ores and concentrates (287.93)	1,876,242	1,714,866	1,801,759	213,583	266,984	379,727
Uranium, thorium ores and concentrates (286.00)	21,820	16,445	14,935	306,455	397,428	419,237
Wheat (including spelt) and meslin, unmilled (041)	16,148,806	14,789,431	11,972,038	2,969,501	2,168,282	1,718,450
Wood chips (246.02.03, 04)	2,421,610	2,898,887	2,884,025	248,531	345,786	376,868
Wool, greasy or fleece—washed (268.10)	607,900	677,196	663,545	2,285,542	2,839,703	4,274,007
Wool degreased (268.20)	90,870	105,097	105,429	514,572	657,351	943,877
Zinc and zinc alloys, unwrought (686.10)	212,412	232,654	222,280	213,302	288,893	267,348
Zinc ores and concentrates (287.50)	975,919	798,175	981,995	240,829	209,606	283,412
Total major commodities	..	..	..	27,909,084	29,482,224	33,120,215
Total (a)	..	..	..	32,795,007	35,782,583	(b)40,943,492

(a) Total exports excludes non-merchandise trade. (b) Includes, from 1 July 1987, exports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise.

EXPORTS BY AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION
(\$ million)

<i>ASIC Division/Subdivision</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
Agriculture, forestry, fishing and hunting			
Agriculture	6,618.5	6,125.0	7,131.2
Forestry and logging	3.0	3.8	4.2
Fishing and hunting	11.5	22.0	68.5
Total	6,633.0	6,150.8	7,203.9
Mining			
Metallic minerals	2,983.9	2,903.7	3,437.1
Coal	5,205.4	5,430.9	4,758.9
Oil and gas	1,613.4	1,017.6	1,200.6
Construction materials	1.2	2.0	2.0
Other non-metallic minerals	179.8	120.2	141.4
Total	9,983.7	9,474.4	9,540.0
Manufacturing			
Confidential items falling within ASIC classes 0124 to 2963 incl.	—	—	—
Food, beverages and tobacco	4,493.1	5,663.0	6,433.3
Textiles	1,158.3	1,303.4	1,559.4
Clothing and footwear	33.2	52.7	74.9
Wood, wood products and furniture (including sheet metal furniture (3152))	296.5	407.1	456.4
Paper, paper products, printing and publishing	153.2	199.8	213.5
Chemical, petroleum and coal products	1,676.6	1,421.4	1,831.5
Non-metallic mineral products	56.7	76.9	104.7
Basic metal products	5,086.5	6,044.6	7,785.7
Fabricated metal products (excluding sheet metal furniture (3152))	168.4	235.0	(a)376.1
Transport equipment	623.0	1,239.7	1,184.9
Other machinery and equipment	1,424.4	1,901.3	2,201.0
Miscellaneous manufacturing	279.8	400.5	563.3
Total	15,449.4	18,945.2	22,666.6
Other industries			
Wholesale and retail trade, business services	29.4	36.4	38.3
Confidential items; waste scrap n.e.c.;			
Second hand goods n.e.c.; Special goods	699.5	1,175.8	1,376.6
Total	728.9	1,212.2	1,414.9
Total (b)	32,795.0	35,782.6	(a)40,943.5

(a) Includes, from 1 July 1987, exports or imports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise. (b) Total trade excludes non-merchandise trade.

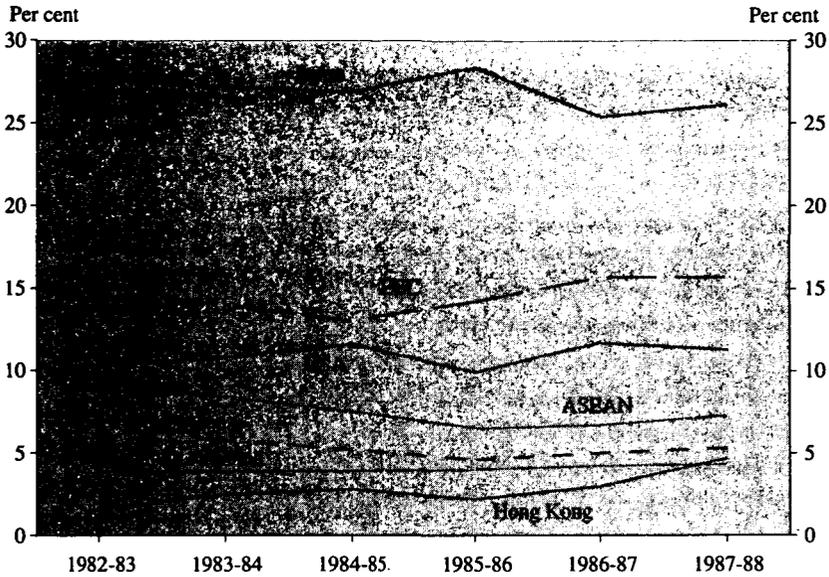
IMPORTS BY AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION
(\$ million)

<i>ASIC Division/Subdivision</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
Agriculture, forestry, fishing and hunting			
Agriculture	518.0	571.4	610.7
Forestry and logging	4.0	3.5	3.4
Fishing and hunting	6.0	5.6	11.4
Total	528.0	580.6	625.5
Mining			
Metallic minerals	11.6	24.2	37.2
Coal	1.1	0.3	0.7
Oil and gas	587.9	569.8	1,045.5
Construction materials	16.9	15.8	17.5
Other non-metallic minerals	238.1	204.9	228.4
Total	855.6	815.1	1,329.3
Manufacturing			
Confidential items falling within ASIC classes 0124-2963 incl.	4.9	—	—
Food, beverages and tobacco	1,412.1	1,607.1	1,675.1
Textiles	1,701.9	1,877.7	2,117.9
Clothing and footwear	824.6	954.9	1,003.7
Wood, wood products and furniture (including sheet metal furniture (3152))	735.0	707.2	814.9
Paper, paper products, printing and publishing	1,487.9	1,746.8	2,016.0
Chemical, petroleum and coal products	4,042.2	4,274.6	4,852.7
Non-metallic mineral products	583.1	641.2	762.4
Basic metal products	940.0	1,046.0	1,238.4
Fabricated metal products (excluding sheet metal furniture (3152))	896.4	960.4	(a)1,119.9
Transport equipment	4,771.4	4,723.1	4,753.6
Other machinery and equipment	12,206.5	12,744.2	13,631.6
Miscellaneous manufacturing	2,199.4	2,407.8	2,708.9
Total	31,805.5	33,691.1	36,693.1
Other industries			
Wholesale and retail Trade, business services	140.3	168.7	218.3
Confidential items; waste scrap n.e.c.;			
Second hand goods n.e.c.; Special goods	1,361.7	1,766.5	1,726.0
Total	1,502.0	1,935.2	1,944.3
Total (b)	34,691.2	37,021.9	(a)40,594.3

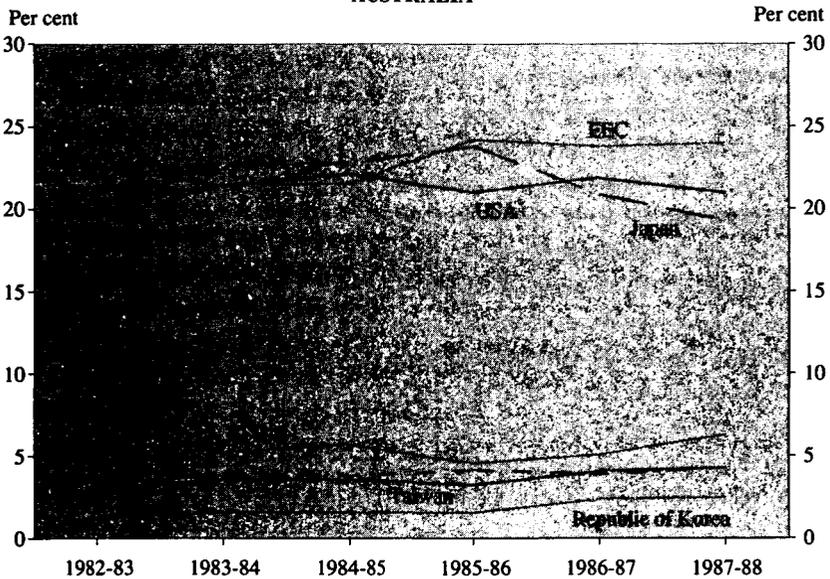
(a) Includes, from 1 July 1987, exports or imports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise. (b) Total trade excludes non-merchandise trade.

The following diagrams show the foreign trade of Australia, 1977-78 to 1987-88 and the value of exports and imports, proportions by country, 1982-83 to 1987-88.

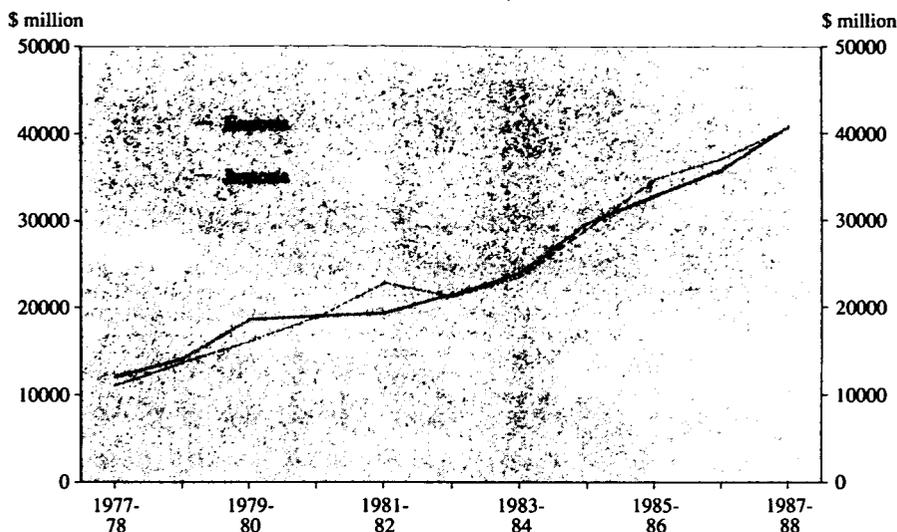
EXPORTS TO MAJOR COUNTRIES AND COUNTRY GROUPS AUSTRALIA



IMPORTS FROM MAJOR COUNTRIES AND COUNTRY GROUPS AUSTRALIA



EXPORTS AND IMPORTS, AUSTRALIA



Direction of foreign trade

Exports and imports, by country of consignment or of origin

The following table shows the value and percentage of Australian exports and imports according to principal country of consignment or origin. The proportions of Australian exports and imports by country of origin or consignment are shown on the preceding page.

**AUSTRALIAN EXPORTS AND IMPORTS, VALUE BY COUNTRY OR COUNTRY GROUP
OF CONSIGNMENT OR ORIGIN**
(\$'000)

Country	Exports			Imports		
	1985-86	1986-87	1987-88(a)	1985-86	1986-87	1987-88(a)
Argentina (Argentine Republic)	47,398	77,143	74,919	33,707	48,678	64,252
Association of South-East Asian Nations—						
Brunei Darussalam	10,263	13,023	14,617	1	32,421	28,190
Indonesia, Republic of	522,211	527,585	561,751	209,310	310,556	587,698
Malaysia	515,995	589,994	651,549	325,432	409,667	590,827
Phillippines, Republic of	203,587	258,749	256,930	122,519	113,354	127,010
Singapore, Republic of	728,235	779,813	1,172,580	745,209	755,917	898,309
Thailand, Kingdom of	163,994	223,649	316,209	200,874	284,383	631,082
<i>Total ASEAN</i>	<i>2,144,284</i>	<i>2,392,813</i>	<i>2,973,636</i>	<i>1,603,345</i>	<i>1,906,298</i>	<i>2,563,116</i>
Austria, Republic of	20,690	12,149	18,279	128,017	141,485	156,713
Bahrain, State of	127,553	78,184	53,145	28,336	19,479	30,799
Bangladesh, People's Republic of	27,997	41,488	50,265	18,589	17,709	17,738
Brazil, Federal Republic of	98,085	139,014	99,551	245,972	219,549	298,467
Canada	460,187	637,088	701,637	691,157	750,501	863,431
China, People's Republic of	1,497,376	1,590,458	1,280,978	435,032	588,829	850,483
Czechoslovakia (Czechoslovak Socialist Republic)	47,292	34,353	68,264	32,444	28,890	41,078
Egypt, Arab Republic of (b)	508,129	362,472	311,424	281	241	2,197

**AUSTRALIAN EXPORTS AND IMPORTS, VALUE BY COUNTRY OR COUNTRY GROUP
OF CONSIGNMENT OR ORIGIN**
(*\$'000*)—*continued*

Country	Exports			Imports		
	1985-86	1986-87	1987-88(a)	1985-86	1986-87	1987-88(a)
European Economic Community—						
Belgium-Luxembourg	266,901	297,577	367,151	287,112	311,927	319,899
Denmark, Kingdom of	127,849	161,866	89,521	172,886	176,861	189,674
France (French Republic)	707,983	908,850	980,582	776,124	827,302	892,158
Germany, Federal Republic of	878,874	1,101,130	1,074,705	2,743,163	2,782,116	2,918,188
Greece (Hellenic Republic)	68,089	34,751	74,785	47,189	45,294	50,256
Ireland (Irish Republic)	7,862	5,968	7,192	150,248	184,332	201,646
Italy (Italian Republic)	686,584	823,709	1,092,081	1,094,688	1,110,296	1,329,204
Netherlands, Kingdom of the	438,631	598,220	626,433	430,680	486,656	595,849
Portugal (Portuguese Republic) (c)	72,018	35,287	46,258	35,253	32,473	46,995
Spain (Spanish State) (c)	231,928	292,883	280,035	155,547	140,893	190,239
United Kingdom of Great Britain and Northern Ireland	1,153,888	1,374,905	1,774,977	2,515,632	2,705,511	3,012,334
<i>Total EEC</i>	<i>4,640,607</i>	<i>5,635,147</i>	<i>6,413,720</i>	<i>8,408,521</i>	<i>8,803,662</i>	<i>9,746,442</i>
Fiji	204,587	174,202	123,366	50,185	27,762	43,802
Finland, Republic of	56,235	49,675	79,216	208,463	262,631	293,483
Hong Kong	727,099	1,086,099	1,977,341	676,476	800,037	845,427
India, Republic of	428,291	425,413	505,256	170,527	203,352	228,113
Iran Islamic Republic of	305,249	343,798	380,429	18,659	4,388	17,132
Iraq, Republic of	206,497	194,714	178,350	125	285	171
Israel, State of	64,831	70,262	61,177	95,831	86,461	123,432
Japan	9,307,147	9,088,020	10,655,216	8,248,305	7,737,074	7,816,709
Jordan, Hashemite Kingdom of	31,804	7,826	8,877	9,331	90	317
Korea, Republic of	1,318,790	1,499,601	1,767,845	556,666	897,907	1,020,171
Kuwait, State of	132,177	86,871	80,445	297,025	162,629	121,022
Libyan Arab Jamahiriya, Socialist People's	1,373	24,362	8,739	2	4	—
Mauritius	20,487	26,520	37,980	3,264	3,332	2,995
Mexico (United Mexican States)	48,029	41,742	54,414	66,151	55,330	64,632
New Caledonia	40,825	55,096	85,276	2,941	1,895	3,906
New Zealand	1,505,577	1,775,912	2,165,013	1,454,427	1,431,969	1,732,740
Norway, Kingdom of (b)	20,936	24,025	29,392	76,211	96,506	168,113
Oman, Sultanate of	53,652	441,107	55,135	35,464	17,617	9,717
Pakistan, Islamic Republic of	175,134	100,555	101,377	40,017	61,046	64,650
Papua New Guinea	561,593	651,051	744,639	170,946	189,747	109,118
Poland (Polish People's Republic)	137,593	107,416	199,534	18,507	21,209	27,366
Romania, Socialist Republic of	86,378	114,799	123,384	8,665	12,983	23,000
Saudi Arabia, Kingdom of	486,447	297,951	266,298	470,822	437,267	418,901
South Africa, Republic of	137,678	154,130	152,715	157,831	154,717	99,217
Sri Lanka, Democratic Socialist Republic of	60,790	28,478	30,816	21,709	21,216	27,969
Sweden, Kingdom of	90,343	120,886	120,519	657,791	655,277	776,633
Switzerland (Swiss Confederation)	56,642	365,124	307,713	428,478	489,826	543,828
Taiwan	1,060,655	1,227,646	1,380,699	1,161,078	1,517,523	1,744,160
Turkey, Republic of	80,630	116,739	191,058	13,170	19,922	32,720
Uganda, Republic of	389	657	142	9,033	4,997	2,491
United Arab Emirates	178,791	222,213	232,349	134,806	175,845	215,845
United States of America	3,242,413	4,194,630	4,655,488	7,283,677	8,118,424	8,530,597
USSR	969,719	687,725	631,829	10,251	15,136	21,666
Venezuela, Republic of	7,087	10,471	10,711	770	1,167	1,280
Yemen, Arab Republic	100,472	65,095	51,089	—	—	—
Yemen, People's Democratic Republic of	50,189	30,387	45,646	54	—	—
Yugoslavia, Socialist Federal Republic of	54,801	110,221	91,219	33,047	38,035	49,687
Zimbabwe	6,170	4,832	7,581	6,152	294,091	179,730
Other countries	1,157,683	1,152,987	1,371,370	460,744	467,460	654,150
Country of origin or destination unknown	217	36	2,950	8,195	11,432	8,976
Total	32,795,007	35,782,583	40,943,492	34,691,197	37,021,910	40,594,330

(a) Includes, from 1 July 1987, exports or imports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise. (b) Excludes exports of alumina. Alumina exports for Egypt, Iceland and Norway are included in 'Other countries'. (c) Portugal and Spain became members of the EEC on 1 January 1986.

Foreign trade by State

The following table shows the value of exports and imports for each State and Territory.

EXPORTS AND IMPORTS BY STATE (\$'000)

State (b)	1986-87		1987-88(a)	
	Exports	Imports	Exports	Imports
New South Wales	8,355,789	16,131,220	10,622,808	18,088,101
Victoria	7,398,045	13,743,043	9,028,718	14,019,873
Queensland	7,734,635	2,503,854	8,007,184	2,844,456
South Australia	2,047,147	1,501,827	2,262,232	1,804,689
Western Australia	6,667,949	2,545,141	7,293,700	3,152,486
Tasmania	1,094,664	289,374	1,214,783	282,770
Northern Territory	750,318	265,773	894,191	385,185
Australian Capital Territory	924	41,677	2,383	16,770
State not available	121,009	—	148,932	—
Re-exports	1,612,104	—	1,408,561	—
Total (c)	35,782,583	37,021,910	40,943,492	40,594,330

(a) Includes, from 1 July 1987, exports or imports of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise. (b) For imports: State in which entry was lodged. The State of lodgement is not necessarily the State in which the goods were discharged or consumed. For exports: State is State of origin of Australian produce and State of final shipment of re-exported goods. State of origin is defined as the State in which the final stage of production or manufacture occurs. Because of this change in the basis on which statistics by State are derived, figures from 1 July 1978 are not directly comparable with those for previous periods. (c) Total excludes non-merchandise trade.

Import clearances, dutiable clearances, and customs duties collected

The following table shows the value of total import clearances, total dutiable clearances, and the customs duties collected, together with the ratio of total dutiable clearances to total clearances.

TOTAL IMPORT CLEARANCES, DUTIABLE CLEARANCES, AND DUTIES

		1984-85	1985-86	1986-87	1987-88
Total import clearances	\$'000	29,907,018	35,376,584	38,025,134	(a)40,436,172
Total dutiable clearances	\$'000	18,551,873	21,901,431	23,732,375	n.a.
Total customs duties collected	\$'000	2,979,888	3,388,711	3,292,328	n.a.
Ratio of dutiable clearances to total clearance	per cent	62.0	61.9	62.4	n.a.
Ratio of duties collected to dutiable clearances	per cent	16.1	15.5	13.9	n.a.

(a) Includes, from 1 July 1987, import clearances of gold coins, whether or not they are legal tender, and other coins which are legal tender. For prior periods the trade in these commodities is recorded as non-merchandise.

Excise

Although excise goods have no immediate bearing on foreign trade, the rate of excise duty is in some cases related to the import duty on similar goods. Moreover, as the Excise Acts are administered by the Australian Customs Service, it is convenient to publish here the quantities of Australian produce on which excise duty has been paid. Particulars of customs and excise revenue are shown in Chapter 24, Public Finance. The following table shows the quantities of goods on which excise duty was paid in Australia.

**QUANTITIES OF PRINCIPAL EXCISABLE GOODS ON
WHICH EXCISE DUTY WAS PAID: AUSTRALIA**

<i>Article</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
	'000	'000	'000
Beer	1,827,325	1,784,477	1,625,646
	'000	'000	'000
Spirits—	l.al	l.al	l.al
Brandy	1,997	1,781	1,779
Gin	366	232	269
Whisky	228	129	94
Rum	2,515	2,303	2,274
Liqueurs	150	133	138
Vodka	650	478	517
Flavoured spirituous liqueurs	489	414	573
Other	16	306	9
<i>Total spirits (potable)</i>	<i>6,411</i>	<i>5,776</i>	<i>5,653</i>
	'000 kg	'000 kg	'000 kg
Tobacco	1,110	969	870
Cigars	32	1	—
Cigarettes—machine-made	26,725	25,801	26,055
	'000	'000	'000
Petrol—	litre	litre	litre
Aviation gasoline—for use in aircraft (a)	113,943	114,741	119,733
Aviation gasoline—other (a)	—	—	—
Gasoline—commercial motor spirit/ethanol blends	—	—	—
Gasoline (a)	15,864,207	16,100,824	16,449,904
Aviation turbine kerosene (a)	1,304,041	1,373,287	1,413,455
Other kerosene	1,356,502	1,123,207	971,111
Diesel fuel	<i>(b)8,481,365</i>	<i>(b)8,850,924</i>	<i>9,019,020</i>
Crude petroleum oil, liquid petroleum and liquefied petroleum gas	30,584,410	34,831,622	25,370,344
	'000	'000	'000
Coal	tonnes	tonnes	tonnes
	130,928	140,866	141,856

(a) Includes supplies to Commonwealth Government on which excise was paid. (b) Includes automotive, industrial and marine diesel fuel.

FOREIGN INVESTMENT

Foreign investment statistics provide information on the *level* (stock) of Australia's foreign financial assets and liabilities at a given point in time, *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 in determining, for example, 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. The statistics are collected from surveys of foreign investment which have been conducted since 1947-48.

Classification

The primary classification used in foreign investment statistics is the direction of investment. This classification refers to the basic distinction between inward and outward investment; that is, foreign investment in Australia or Australian investment abroad. Broadly, *foreign investment in Australia* refers to the stock of financial assets in Australia owned by foreign 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.

Foreign investment is undertaken by means of *instruments of investment*. Many types of instrument of investment can be identified, but for analytical reasons and ease of reporting similar instruments are combined.

- *Corporate equities* includes ordinary and preference shares and units in trusts.
- *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* consists of net equity in branches and amounts outstanding in respect of goods, services, interest, dividends etc.
- *Reinvestment of earnings* of direct investors refers to income retained from after tax profits attributable to direct investors.

Statistics are provided in respect of both Australia's *gross foreign debt* (borrowing) and Australia's *net foreign debt*, the latter being derived by deducting reserve assets and lending abroad from gross foreign debt.

The *country* dissection of statistics on foreign investment shows 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 financial 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 *industry* classification used in foreign investment statistics is based upon the *Australian Standard Industrial Classification* (ASIC), 1983 edition. For both foreign investment in Australia and Australian investment abroad, investment is classified by the industry of the enterprise group receiving that investment. Industry statistics should be treated with some caution as they do not necessarily reflect the industry in which the funds are ultimately employed.

Coverage

As there is no comprehensive source for identifying enterprises engaged in foreign investment activity, lists of enterprises included in foreign investment surveys are compiled from a variety of sources. These sources include stock exchange reports, company reports, newspapers and the financial press, business directories, tax declaration forms submitted under the Banking (Foreign Exchange) Regulations, information provided on a confidential basis of proposals approved by the Foreign Investment Review Board and records of the Commissioner of Corporate Affairs in some States.

Valuation and timing

Market price is the principle method of valuation in foreign investment statistics. Capital transactions are recorded on a change of ownership basis, that is, at the time when the foreign financial assets 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.

Foreign investment statistics

The table below shows a reconciliation between opening and closing levels of 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.

FOREIGN INVESTMENT SUMMARY TABLE
(**\$A million**)

Year	<i>Changes in levels of investment during the year</i>						Levels of investment at end of year	Investment income (a)
	Levels of investment at beginning of year	Reinvestment of earnings of direct investors	Other transactions	Exchange rate variations	Other changes	Total		
FOREIGN INVESTMENT IN AUSTRALIA								
Corporate Equities—								
1985-86	33,013	553	2,021	..	909	3,483	36,496	1,844
1986-87	36,496	996	5,791	..	15,018	21,805	58,301	2,532
1987-88	58,301	1,825	3,045	..	-2,670	2,200	60,501	3,596
Borrowing—								
1985-86	67,473	..	16,459	6,005	(b)2,113	24,577	92,050	6,908
1986-87	92,050	..	14,288	-1,643	211	12,856	104,906	8,260
1987-88	104,906	..	16,883	-4,765	-5	12,113	117,019	9,129
Other Investment—(c)								
1985-86	10,832	383	-271	205	-258	59	10,891	738
1986-87	10,891	249	-24	25	1,455	1,705	12,596	551
1987-88	12,596	602	611	-80	(d)-268	865	13,461	799
Total—(c)								
1985-86	111,318	936	18,209	6,211	2,764	28,119	139,437	9,489
1986-87	139,437	1,244	20,055	-1,617	16,684	36,366	175,803	11,343
1987-88	175,803	2,428	20,539	-4,845	-2,943	15,178	190,980	13,525
AUSTRALIAN INVESTMENT ABROAD								
Corporate Equities—								
1985-86	10,858	642	4,778	792	2,331	8,543	19,401	1,037
1986-87	19,401	1,174	6,248	-225	4,531	11,728	31,129	1,784
1987-88	31,129	1,820	6,388	-180	-3,562	4,466	35,595	2,050
Reserve Assets—								
1985-86	13,517	..	-2,140	1,405	242	-493	13,024	595
1986-87	13,024	..	3,394	239	937	4,570	17,594	531
1987-88	17,594	..	3,924	-893	-442	2,588	20,182	706
Lending—								
1985-86	2,748	..	1,007	419	(b)-193	1,233	3,981	115
1986-87	3,981	..	381	-190	691	882	4,863	114
1987-88	4,863	..	2,165	3	-483	1,685	6,548	287
Other Investment—(c)								
1985-86	6,637	39	535	112	-447	239	6,876	219
1986-87	6,876	3	1,176	17	-228	968	7,844	199
1987-88	7,844	-13	110	-52	(d)-346	-301	7,543	162
Total—(c)								
1985-86	33,760	681	4,181	2,728	1,933	9,523	43,283	1,966
1986-87	43,283	1,176	11,198	-158	5,931	18,147	61,430	2,628
1987-88	61,430	1,807	12,586	-1,122	-4,833	8,438	69,868	3,205
NET INTERNATIONAL INVESTMENT POSITION AND INCOME (e)								
Corporate equities—								
1985-86	22,155	-89	-2,757	-792	-1,423	-5,061	17,094	807
1986-87	17,094	-178	-457	225	10,487	10,078	27,172	748
1987-88	27,172	6	-3,343	180	892	-2,266	24,906	1,546
Net Foreign Debt—(f)								
1985-86	51,208	..	17,592	4,181	2,064	23,837	75,045	6,198
1986-87	75,045	..	10,513	-1,692	-1,417	7,404	82,449	7,615
1987-88	82,449	..	10,794	-3,875	921	7,840	90,289	8,136
Other Investment—								
1985-86	4,195	344	-806	93	189	-180	4,015	519
1986-87	4,015	246	-1,200	8	1,683	737	4,752	352
1987-88	4,752	615	501	-28	78	1,166	5,918	637
Total—								
1985-86	77,558	255	14,028	3,483	831	18,596	96,154	7,523
1986-87	96,154	68	8,857	-1,459	10,753	18,219	114,373	8,715
1987-88	114,373	621	7,953	-3,723	1,890	6,740	121,112	10,320

(a) Includes reinvestment of earnings of direct investors. Investment income is calculated before the deduction of withholding tax. (b) As a result of the change in the data source for banks, levels of borrowing (foreign investment in Australia) shown at the end of 1985-86 are not strictly comparable with levels of data shown for earlier periods, hence the larger reconciliation item for 1985-86. The change in data source accounts for an increase of \$1,800 million in the level of borrowing at 30 June 1986. Similarly a data source change for bank lending abroad accounts for about \$450 million of the amount shown as 'other changes' in 1985-86. (c) Details of exchange rate variations for accounts payable/prepayments received (foreign investment in Australia) and accounts receivable/prepayments made (Australian investment abroad), components of 'other investment', are not available and have been included in 'other changes'. (d) As a result of a change in the data source for accounts payable/prepayments received (foreign investment in Australia) and accounts receivable/prepayments made (Australian investment abroad), components of 'other investment', levels at 30 June 1988 are not strictly comparable with levels of data shown for earlier periods. The changed data source accounts for decreases of \$409 million and \$656 million in the 1987-88 'other changes' for foreign investment in Australia and the Australian investment abroad respectively. (e) Net international investment position equals foreign investment in Australia less Australian investment abroad. (f) Foreign borrowing by Australian residents less the sum of reserve assets and Australian lending abroad.

The following table provides details on Australia's foreign debt, including foreign borrowing, reserve assets and lending abroad and net foreign debt.

LEVELS OF FOREIGN DEBT
(**\$A million**)

	At 30 June—					
	1983	1984	1985	1986	1987	1988
FOREIGN BORROWING (GROSS DEBT)						
Official—						
Commonwealth Government and Reserve Bank	7,682	8,534	12,982	19,553	23,173	22,286
State government	—	339	1,901	3,855	6,684	10,475
<i>Total official</i>	<i>7,682</i>	<i>8,874</i>	<i>14,883</i>	<i>23,409</i>	<i>29,857</i>	<i>32,761</i>
Non-official—						
Financial enterprises—						
Public sector	696	1,197	2,530	5,505	6,557	10,453
Private sector	3,400	5,073	9,034	14,972	19,802	22,803
<i>Total</i>	<i>4,097</i>	<i>6,270</i>	<i>11,564</i>	<i>20,477</i>	<i>26,359</i>	<i>33,256</i>
Trading enterprises—						
Public sector	5,829	7,711	12,452	13,504	12,327	12,323
Private sector	18,284	21,247	28,574	34,661	36,363	38,679
<i>Total</i>	<i>24,113</i>	<i>28,957</i>	<i>41,026</i>	<i>48,165</i>	<i>48,690</i>	<i>51,002</i>
<i>Total non-official</i>	<i>28,209</i>	<i>35,227</i>	<i>52,590</i>	<i>68,641</i>	<i>75,049</i>	<i>84,258</i>
Total	35,891	44,101	67,473	92,050	104,906	117,019
AUSTRALIAN LENDING ABROAD AND RESERVE ASSETS						
Official—						
Reserve assets (a)	10,748	12,417	13,517	13,024	17,594	20,182
Lending	7	3	106	137	364	649
<i>Total official</i>	<i>10,755</i>	<i>12,420</i>	<i>13,623</i>	<i>13,161</i>	<i>17,958</i>	<i>20,831</i>
Non-official—						
Financial enterprises	684	576	1,190	2,838	2,854	4,094
Trading enterprises	1,068	1,212	1,451	1,006	1,645	1,805
<i>Total non-official</i>	<i>1,752</i>	<i>1,788</i>	<i>2,642</i>	<i>3,845</i>	<i>4,499</i>	<i>5,899</i>
Total	12,507	14,208	16,265	17,005	22,457	26,730
NET FOREIGN DEBT (b)						
<i>Official—</i>	<i>-3,073</i>	<i>-3,546</i>	<i>1,260</i>	<i>10,248</i>	<i>11,899</i>	<i>11,929</i>
Non-official—						
Financial enterprises	3,412	5,694	10,374	17,639	23,505	29,162
Trading enterprises	23,045	27,746	39,575	47,158	47,045	49,197
<i>Total non-official</i>	<i>26,457</i>	<i>33,440</i>	<i>49,948</i>	<i>64,797</i>	<i>70,550</i>	<i>78,360</i>
Total	23,384	29,893	51,208	75,045	82,449	90,289

(a) From 30 June 1985, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures. (b) Foreign borrowing by Australian residents less the sum of Australian lending abroad and reserve assets.

The following tables provide details of foreign investment in Australia and Australian investment abroad classified by country and foreign investment in Australia classified by industry of investment. This information is provided in respect of capital transactions, investment income and levels.

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

<i>Country of investor</i>	<i>Year—</i>					
	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
CAPITAL TRANSACTIONS						
OECD—						
USA	498	1,411	3,564	4,304	4,469	433
Japan	3,217	1,500	3,454	2,673	761	5,256
Switzerland	208	134	399	544	334	650
EEC—						
UK	2,419	2,529	2,287	1,932	3,561	6,721
Other (a)	1,004	656	1,290	3,051	1,768	725
Total	3,423	3,185	3,577	4,983	5,330	7,446
Other OECD (a)	147	242	402	871	1,821	1,371
Total OECD	7,493	6,473	11,397	13,374	12,713	15,157
ASEAN (b)	1,619	2,148	592	-837	1,003	69
Other countries (b)	1,230	586	71	-760	1,168	1,676
International capital markets	161	953	2,321	6,806	6,791	5,125
International institutions	86	-137	-55	14	-24	-94
Unallocated	-140	145	462	548	-354	1,034
Total	10,449	10,167	14,788	19,144	21,298	22,967
INVESTMENT INCOME						
OECD—						
USA	828	1,707	2,037	2,486	3,077	3,755
Japan	478	799	1,224	1,646	1,805	1,851
Switzerland	150	175	213	275	401	403
EEC—						
UK	1,012	1,504	1,833	2,049	2,301	2,405
Other (a)	265	452	524	784	1,152	1,447
Total	1,277	1,956	2,357	2,833	3,453	3,853
Other OECD (a)	100	192	212	327	321	371
Total OECD	2,834	4,829	6,041	7,567	9,057	10,233
ASEAN (b)	288	470	739	694	613	481
Other countries (b)	244	327	440	393	336	336
International capital markets	5	38	124	555	934	1,516
International institutions	55	40	32	24	22	22
Unallocated	116	130	187	256	381	936
Total	3,542	5,833	7,563	9,489	11,343	13,525
LEVELS OF FOREIGN INVESTMENT						
OECD—						
USA	17,632	20,320	26,819	31,903	40,845	39,234
Japan	9,277	10,802	16,200	20,840	21,321	26,515
Switzerland	3,119	3,114	4,050	5,856	7,502	7,439
EEC—						
UK	18,781	20,631	26,138	29,318	37,127	44,019
Other (a)	7,409	8,054	10,441	14,443	17,842	18,461
Total	26,190	28,685	36,579	43,761	54,968	62,479
Other OECD (a)	2,010	2,844	3,801	4,541	8,888	8,200
Total OECD	58,228	65,764	87,449	106,901	133,523	143,867
ASEAN (b)	4,898	7,214	9,695	8,951	10,477	8,175
Other countries (b)	4,415	5,062	6,840	5,803	6,862	7,737
International capital markets	985	1,425	4,466	13,306	20,801	25,428
International institutions	533	390	341	365	332	239
Unallocated	1,876	2,017	2,527	4,111	3,808	5,534
Total	70,935	81,873	111,318	139,437	175,803	190,980

(a) Until 1985-86, Spain and Portugal are included in 'Other OECD', from 1985-86 they are included in 'Other EEC'.

(b) Until 1983-84, Brunei is included in 'Other countries', from 1983-84 it is included in 'ASEAN'.

AUSTRALIAN INVESTMENT ABROAD, BY COUNTRY
(*\$A million*)

<i>Country of investment</i>	<i>Year—</i>					
	<i>1982-83</i>	<i>1983-84</i>	<i>1984-85</i>	<i>1985-86</i>	<i>1986-87</i>	<i>1987-88</i>
CAPITAL TRANSACTIONS						
OECD—						
USA	2,228	2,186	-307	1,294	7,626	1,648
New Zealand	148	163	231	2	1,604	1,061
UK	1	225	717	788	1,142	4,731
Other OECD (a)	1,264	968	1,521	1,000	1,402	2,142
Total OECD	3,640	3,543	2,161	3,084	11,774	9,582
ASEAN (a)	157	285	319	111	75	2
Papua New Guinea	149	230	94	-107	13	n.p.
Other countries (b)	299	231	351	2,230	594	2,560
Unallocated	-123	157	231	-456	-81	n.p.
Total	4,122	4,446	3,156	4,862	12,375	14,393
INVESTMENT INCOME						
OECD—						
USA	468	643	698	405	517	654
New Zealand	101	154	173	262	344	47
UK	107	122	96	277	330	672
Other OECD (a)	82	119	270	396	437	634
Total OECD	758	1,037	1,237	1,340	1,628	2,007
ASEAN (b)	93	150	101	154	121	82
Papua New Guinea	47	108	53	141	61	3
Other countries (b)	103	118	80	212	600	1,043
Unallocated	53	55	54	118	219	70
Total	1,054	1,468	1,525	1,966	2,628	3,205
LEVELS OF AUSTRALIAN INVESTMENT						
OECD—						
USA	8,106	10,195	11,906	13,081	20,880	19,303
New Zealand	781	928	927	1,599	3,785	4,957
UK	883	1,465	2,511	3,652	7,531	12,288
Other OECD (a)	3,019	3,939	6,399	9,848	12,656	14,118
Total OECD	12,789	16,528	21,744	28,180	44,852	50,665
ASEAN (b)	1,877	1,676	1,582	1,357	1,413	1,079
Papua New Guinea	850	1,016	994	856	1,437	1,803
Other countries (b)	2,478	3,059	3,977	7,038	7,222	9,262
Reserve Bank gold (c)	3,744	3,478	3,772	4,014	4,951	4,509
Unallocated	780	949	1,691	1,838	1,555	2,549
Total	22,518	26,706	33,760	43,283	61,430	69,868

(a) The foreign exchange part of reserve assets, with the exception of those held in the USA, are not available by country and are therefore included in 'Other OECD'. (b) Until 1983-84 Brunei is included in 'Other countries', from 1983-84 it is included in 'ASEAN'. (c) Gold held by the Reserve Bank as part of reserve assets which cannot be allocated by country.

FOREIGN INVESTMENT IN AUSTRALIA, BY INDUSTRY (a)

		Year—					
Industry of investment (ASIC division)		1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
CAPITAL TRANSACTIONS							
A	Agriculture, forestry, fishing and hunting	49	5	3	41	438	-122
B	Mining	2,375	237	519	-1,020	1,138	1,362
C	Manufacturing	1,616	1,948	901	2,946	3,196	4,557
D	Electricity, gas and water	2,332	652	745	314	-995	-150
E	Construction	78	57	62	-59	358	-55
F	Wholesale and retail trade	686	1,510	1,898	1,010	1,270	1,396
G	Transport and storage	419	327	402	392	258	57
I	Finance, property and business services (b)	1,662	3,596	6,973	11,130	11,776	15,538
J	Public administration, and defence (c)	1,032	971	2,629	3,961	3,244	-127
H, K, L	Other industries (d)	195	310	294	235	202	466
M	Unallocated	5	555	362	196	414	45
Total all industries		10,449	10,167	14,788	19,144	21,298	22,967
INVESTMENT INCOME							
A	Agriculture, forestry, fishing and hunting	-3	3	2	24	5	9
B	Mining	582	974	1,083	1,827	1,250	1,274
C	Manufacturing	461	1,295	1,623	1,770	1,783	2,837
D	Electricity, gas and water	230	306	424	492	530	452
E	Construction	27	38	31	69	58	121
F	Wholesale and retail trade	265	626	688	468	940	1,130
G	Transport and storage	189	258	262	370	381	408
I	Finance, property and business services (b)	979	1,329	1,882	1,819	2,707	3,709
J	Public administration, and defence (c)	541	668	927	1,507	2,224	2,580
H, K, L	Other industries (d)	24	39	74	76	50	106
M	Unallocated	246	297	567	1,067	1,415	899
Total all industries		3,542	5,833	7,563	9,489	11,343	13,525
LEVELS OF FOREIGN INVESTMENT							
A	Agriculture, forestry, fishing and hunting	536	528	591	558	950	555
B	Mining	14,920	15,264	19,462	17,949	28,828	24,769
C	Manufacturing	15,508	18,440	22,121	27,641	34,702	39,518
D	Electricity, gas and water	4,441	5,112	7,534	8,400	7,353	7,123
E	Construction	746	849	1,200	1,100	1,688	1,658
F	Wholesale and retail trade	10,103	11,258	14,378	15,104	16,643	19,362
G	Transport and storage	2,671	3,020	4,267	5,286	5,894	5,665
I	Finance, property and business services (b)	11,343	15,004	23,776	36,495	50,058	63,894
J	Public administration, and defence (c)	8,081	8,861	13,273	19,930	23,508	22,507
H, K, L	Other industries (d)	817	1,088	1,651	1,846	1,804	2,244
M	Unallocated (e)	1,769	2,449	3,065	5,126	4,375	3,685
Total all industries		70,935	81,873	111,318	139,437	175,803	190,980

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

BALANCE OF PAYMENTS

The Australian balance of payments is a statistical statement designed to provide a systematic record of Australia's economic transaction with the rest of the world. It may be described as a system of consolidated accounts in which the accounting entity is the Australian economy and the entries mostly refer to economic transactions between residents of Australia and residents of the rest of the world (non-residents). Such a record is essential for the examination of influences which external factors have on the domestic economy. Balance of payments estimates have always assumed a particular importance in Australia due to the importance of these influences on the Australian economy.

Official estimates of Australia's balance of payments for the period 1928–29 were included in *Year Book* No. 24. Except for the War years 1939 to 1945, estimates have since been published at least annually.

Detailed estimates and brief descriptions of the various items included are provided in the annual publication *Balance of Payments, Australia* (5303.0) while comprehensive regional data is available in the annual microfiche publication *Balance of Payments, Australia—Regional Series on Microfiche* (5338.0). More timely estimates are provided in the quarterly publications *Balance of Payments, Australia* (5302.0) and *Balance of Payments, Australia—Historical Series on Microfiche* (5337.0), available approximately eight and ten weeks respectively after the end of each quarter. A monthly publication *Balance of Payments, Australia* (5301.0), showing preliminary estimates in less detail, is published about twelve working days after the end of each month. The publication *Balance of Payments, Australia: Summary of Concepts, Sources and Methods* (5351.0) provides a summary description of the conceptual framework of Australia's balance of payments accounts, and of the data sources and methods used to compile the statistics contained in the above bulletins.

Balance of payments statements cover a wide range of economic transactions which may be broadly divided into three categories. The first category comprises transactions in goods, services and income between residents of Australia and non-residents. The second category relates to financial transactions involving claims on and liabilities to the rest of the world. Because the statement is constructed on a double entry recording basis, a third category described as unrequited transfers is required to provide 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.

Traditionally, the first and third of the above categories are combined in what is described as the current account and the second category, together with the two changes not arising from transactions, are shown separately in what is described as the capital account.

The double entry system is used for recording balance of payments transactions. Under the internationally accepted conventions of the double entry system, credit entries, which have 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, 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 and a debit entry for the increase in foreign exchange assets. Similarly, the repayment of a foreign loan through the banking system involves a debit entry for a reduction in foreign liabilities and a credit entry for the decrease in foreign exchange assets. Any entries that are not automatically paired are matched by special offsetting entries. Such offsetting entries are required for the category of unrequited transfers and

for the other changes not arising from transactions referred to in the previous paragraph, namely the allocation (or cancellation) of SDRs and the monetisation (or demonetisation) of gold.

It follows that, in principle, the net sum of all credit and debit entries is zero. In practice, some transactions are not measured accurately (errors), while others are not measured at all (omissions). Equality between the sum of the credit and debit entries is brought about by the inclusion of a balancing item which reflects net errors and omissions. The balancing item is shown separately outside both 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, in practice, transactions are generally valued in the statistics at transaction prices because this basis provides the closest practical approximation to the market price principle. The transactions price is the price at which a transaction is recorded in the accounts of the transactors.

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 the current account transactions, this is conceived as the time when ownership of goods changes, when services are rendered, when reinvested earnings attributable to direct investors are earned, and when interest and dividends become due for payment. In the case of unrequited transfers, those which are imposed by one party on another, such as taxes and fines, should ideally be recorded at the time they become due for payment without penalty; whereas others should be recorded when the goods, services, etc. to which they are offsets change ownership. For capital account transactions the time of change of ownership is, by convention, normally taken to be the time at which transactions are entered in the books of the transactors. Entries for loan drawings should be based on actual disbursements and not on commitments or authorisations. Entries for loan repayments should be recorded at the time they become due rather than on the actual payment date.

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. This is particularly true in the case of transactions in goods which are, in the main, recorded at the time that administrative records relating to the movement of the goods across the customs frontier are processed. 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.

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

The current account records transactions between Australian residents and non-residents in merchandise, other goods and services, income and unrequited transfers. In principle, the items included in merchandise should include all movable goods, with a few exceptions, which change ownership from residents to non-residents (exports) and from non-residents to residents (imports). Services covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (e.g. 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 (e.g. dividends and interest), other property income (e.g. royalties) and labour income (e.g. wages and salaries). Unrequited transfers covers the offsetting entries required by the double-entry system of accounting when resources (goods, services and financial assets) 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, migrants' transfers, gifts, donations, pensions and taxes.

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 is split into general government and Reserve Bank of Australia. The general government sector comprises the transactions of Departments of State and similar entities that are agents or instruments of Commonwealth, State or local government. State government central, borrowing authorities and private non-profit organisations serving government are included in this category. Public business enterprises are, however, excluded from this sector and included in the non-official sector. The Reserve Bank sector covers transactions attributed to the central bank. The non-official sector covers transactions of all other resident entities including banks, non-bank financial enterprises and trading enterprises, and households.

CURRENT ACCOUNT
(\$ million)

	1985-86	1986-87	1987-88
Current transactions—			
Goods and services—			
Merchandise (a)—			
Exports f.o.b.	32,208	35,423	40,554
Imports f.o.b.	-35,676	-37,159	-40,410
<i>Balance on merchandise trade</i>	-3,468	-1,736	144
Services—			
Credits—			
Shipment	379	457	535
Other transportation	2,480	2,765	3,169
Travel	1,702	2,218	2,959
Other services	1,179	1,336	1,520
<i>Total services credits</i>	5,740	6,776	8,183
Debits—			
Shipment	-2,827	-2,847	-2,862
Other transportation	-2,197	-2,114	-2,451
Travel	-2,818	-3,206	-3,572
Other services	-1,999	-2,165	-2,426
<i>Total services debits</i>	-9,841	-10,332	-11,311
<i>Net services</i>	-4,101	-3,556	-3,128
<i>Balance on goods and services</i>	-7,569	-5,292	-2,984
Income—			
Credits—			
Property income—			
Reinvested earnings	681	1,186	1,220
Other	1,445	1,572	1,764
Labour and other income	175	178	211
<i>Total income credits</i>	2,301	2,936	3,195
Debits—			
Property income—			
Reinvested earnings	-936	-1,206	-1,400
Other	-9,246	-10,808	-12,226
Labour and other income	-174	-196	-261
<i>Total income debits</i>	-10,356	-12,210	-13,887
<i>Net income</i>	-8,055	-9,274	-10,692
Unrequited transfers—			
Credits	2,517	3,017	3,546
Debits	-1,700	-1,691	-1,777
<i>Net unrequited transfers</i>	817	1,326	1,769
Balance on current account	-14,807	-13,240	-11,907

(a) Balance of payments basis

CAPITAL ACCOUNT AND BALANCING ITEM
(\$ million)

	1985-86	1986-87	1987-88
Net capital transactions			
Official—			
General government—			
Foreign investment in Australia—			
Borrowing	5,609	6,146	2,400
Other	30	-12	-70
Total	5,639	6,134	2,330
Australian investment abroad	-213	-573	414
Total general government	5,426	5,561	2,744
Reserve Bank—			
Foreign investment in Australia	-16	18	-8
Australian investment abroad—			
Reserve assets	2,140	-3,394	-3,924
Other	—	—	—
Total	2,140	-3,394	-3,924
Total Reserve Bank	2,124	-3,376	-3,932
Total official	7,550	2,185	-1,188
Non official—			
Foreign investment in Australia—			
Direct investment—			
Reinvestment of earnings	936	1,206	1,400
Other	2,407	3,354	2,165
Portfolio and other investment	10,216	11,065	12,832
Total foreign investment in Australia	13,559	15,625	16,397
Australian investment abroad—			
Direct investment—			
Reinvestment of earnings	-681	-1,186	-1,220
Other	-2,088	-2,499	-4,692
Portfolio and other investment	-4,029	-4,116	-607
Total Australian investment abroad	-6,798	-7,801	-6,519
Total non-official	6,761	7,824	9,878
Balance on capital account	14,311	10,009	8,690
Balancing item	496	3,231	3,217

OFFICIAL RESERVE ASSETS AND AVERAGE EXCHANGE RATES

(Source: Reserve Bank of Australia for official reserve assets)

	Financial year ending 30 June—		
	1986	1987	1988
Levels of official reserve assets (a)	—\$ million—		
Foreign exchange—			
United States dollars	3,403	6,571	8,015
Other	4,803	5,266	6,926
Special drawing rights	478	471	420
Reserve position in IMF	326	335	312
Gold	4,014	4,951	4,509
Total	13,024	17,594	20,182
Average exchange rates (b)	—Units of foreign currency per \$A—		
United States dollar	0.6999	0.6636	0.7290
United Kingdom pound	0.4866	0.4352	0.4167
West German mark	1.753	1.280	1.262
Japanese yen	140.48	101.37	97.59
Special drawing right	0.6387	0.5345	0.5448

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

VALUES OF EXPORTS AND IMPORTS OF GOODS AND SERVICES (BALANCE OF PAYMENTS BASIS) AT CONSTANT PRICES

The following tables show annual values of Australian exports and imports of goods and services at current and constant (average 1984–85) prices. These estimates are compiled on a balance of payments basis within the framework outlined below. Quarterly figures in original and seasonally adjusted terms are published regularly in the publications *Australian National Accounts*, *National Income and Expenditure* (5206.0) and *Balance of Payments, Australia* (5302.0).

The current price value of a transaction may be expressed conceptually as the product of a price and quantity. The value of the transaction at constant prices may then be thought of as being derived by substituting, for the current price, the corresponding price in the chosen base year. There are, however, many transactions recorded in statistics of overseas trade for which it is not possible to apply such an approach. In such cases it is necessary to make assumptions and approximation (e.g. 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.

Estimates at current prices are often divided by their corresponding estimates at constant prices to give measures of price change, which are generally referred to as implicit price deflators (IPDs). IPDs are derived measures and are not normally the direct price measures by which current price estimates are converted to estimates at constant prices. A more detailed discussion of the nature of IPDs is presented in Appendix VI of the publication *Australian National Accounts: Concepts, Sources and Methods* (5216.0).

Merchandise (Balance of Payments basis)

Prior to 1988 exports and imports of goods, f.o.b., were compiled using the Australian Export Commodity Classification (AECC) and the Australian Import Commodity Classification (AICC) based on the second revision of the United Nations Standard International Trade Classification (SITC Rev. 2). From 1 January 1988 exports and imports of goods, f.o.b. were compiled using the Harmonized Commodity Description and Coding System (HS) based on the third revision of the SITC (SITC rev. 3). This means that commodity data prior to 1988 are not strictly comparable with later data, however the lack of comparability for the aggregates presented in the tables below is thought to be minor.

The published components of merchandise exports and imports of goods, f.o.b. consist of varying numbers of SITC rev. 3 divisions and/or sections as shown below.

<i>Exports</i>	<i>Section or division of SITC rev. 3</i>	<i>Imports</i>	<i>Section or division of SITC rev. 3</i>
Rural—		Food, beverages and tobacco	0,1
Meat and meat preparations	01	Fuels	3
Cereal grains and cereal preparations	04	Chemicals (incl. plastics)	5
Sugar, sugar preparations and honey	06	Textiles, fabrics, etc.	65
Wool and sheepskins	Parts of 21,26	Metals and metal manufactures	67 to 69
Other rural	00,02,03,05,07 to 09, 21 (part) 22 to 25, 26 (part), 29, 4	Machinery	7
		Transport equipment	78, 79
		Manufactures n.e.c.	61 to 64, 66
			8
Non-rural—		Other imports	2, 4, 9
Metal ores and minerals	27,28		
Mineral fuels—			
Coal, coke and briquettes	32		
Other mineral fuels	33 to 35		
Metals—			
Gold	97		
Other metals	67, 68		
Machinery	71 to 77		
Transport equipment	78, 79		
Other non-rural	11, 91 to 96		

Services

Services covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (e.g. goods purchased by travellers).

Exogenous and endogenous imports

Exogenous imports comprise a group of imported goods which it has been found useful to identify separately in economic analysis because the transactions in these goods are erratic, subject to government arrangements or significantly affected by factors other than the general level of economic activity in Australia. Exogenous imports include fuels, ships, aircraft and certain other large items of equipment acquired by selected public and private sector trading enterprises, defence goods and certain other government goods.

Endogenous imports comprise imports of all goods other than those regarded as exogenous.

Endogenous imports are classified into three classes—*consumption goods*, *capital goods* and *other goods*—according to the United Nations' classification by broad economic categories (BEC). *Other goods* covers the BEC class *intermediate goods* and the residual BEC category *goods not elsewhere specified*. The classes consist of the BEC categories (excluding goods defined as exogenous) shown below.

Consumption goods—

Food and beverages, primary, mainly for household consumption (112)
Food and beverages, processed, mainly for household consumption (122)
Passenger motor vehicles (51)
Transport equipment, non-industrial (522)
Consumer goods, not elsewhere specified (6)

Capital goods—

Capital goods (except transport equipment) (41)
Transport equipment, industrial (521)

Other goods—

Food and beverages, primary, mainly for industry (111)
Food and beverages, processed, mainly for industry (121)
Industrial supplies not elsewhere specified (2)
Parts and accessories of capital goods (except transport equipment) (42)
Parts and accessories of transport equipment (53)
Goods not elsewhere specified (7)

**EXPORTS OF GOODS AND SERVICES (BALANCE OF PAYMENTS BASIS) AT CURRENT
AND AVERAGE 1984-85 PRICES**

(\$ million)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
AT CURRENT PRICES						
Rural exports f.o.b.						
Meat and meat preparations	1,675	1,393	1,371	1,699	2,244	2,555
Cereal grains and cereal preparations	1,849	2,773	3,855	3,880	2,778	2,202
Sugar, sugar preparations and honey	608	676	615	646	708	698
Wool and sheepskins	1,789	2,000	2,573	3,061	3,888	5,811
Other (dairy produce, fruit, etc.)	1,998	2,145	2,438	2,968	3,521	3,976
<i>Total rural</i>	<i>7,919</i>	<i>8,987</i>	<i>10,852</i>	<i>12,254</i>	<i>13,139</i>	<i>15,242</i>
Non-rural exports f.o.b.						
Metal ores and minerals	3,852	4,229	4,722	5,003	4,956	5,455
Mineral fuels—						
Coal, coke and briquettes	3,078	3,338	4,665	5,240	5,456	4,839
Other	1,058	1,437	2,360	2,299	1,515	1,779
Metals—						
Gold	210	379	556	787	1,552	2,563
Other metals	1,735	1,987	2,335	2,527	2,899	3,749
Machinery	771	883	940	1,139	1,595	1,835
Transport equipment	379	496	714	474	1,034	957
Manufactures n.e.c.	1,383	1,562	1,662	1,859	2,363	2,941
Other non-rural	271	384	406	626	914	1,170
<i>Total non-rural</i>	<i>12,737</i>	<i>14,695</i>	<i>18,360</i>	<i>19,954</i>	<i>22,284</i>	<i>25,288</i>
<i>Total exports f.o.b.</i>	<i>20,656</i>	<i>23,682</i>	<i>29,212</i>	<i>32,208</i>	<i>35,423</i>	<i>40,530</i>
<i>Exports of services</i>	<i>4,029</i>	<i>4,345</i>	<i>4,927</i>	<i>5,742</i>	<i>6,776</i>	<i>8,151</i>
Total exports of goods and services	24,685	28,027	34,139	37,950	42,199	48,681
AT AVERAGE 1984-85 PRICES						
Rural exports f.o.b.						
Meat and meat preparations	2,014	1,477	1,371	1,639	1,930	2,131
Cereal grains and cereal preparations	2,045	2,853	3,855	3,957	3,462	2,771
Sugar, sugar preparations and honey	605	586	615	640	653	642
Wool and sheepskins	2,101	2,224	2,573	2,823	3,253	3,205
Other (dairy produce, fruit, etc.)	2,364	2,287	2,438	2,891	3,170	3,136
<i>Total rural</i>	<i>9,129</i>	<i>9,427</i>	<i>10,852</i>	<i>11,950</i>	<i>12,468</i>	<i>11,885</i>
Non-rural exports f.o.b.						
Metal ores and minerals	4,231	4,656	4,722	4,819	4,733	5,136
Mineral fuels—						
Coal, coke and briquettes	3,110	3,635	4,665	4,886	5,232	5,532
Other	1,206	1,647	2,360	2,275	2,347	2,557
Metals—						
Gold	176	342	556	664	1,032	1,561
Other metals	2,202	2,190	2,335	2,475	2,543	2,689
Machinery	865	940	940	1,058	1,425	1,639
Transport equipment	442	551	714	466	934	878
Manufactures n.e.c.	1,551	1,635	1,662	1,718	1,954	2,168
Other non-rural	308	425	406	594	811	961
<i>Total non-rural</i>	<i>14,091</i>	<i>16,021</i>	<i>18,360</i>	<i>18,955</i>	<i>21,011</i>	<i>23,121</i>
<i>Total exports f.o.b.</i>	<i>23,220</i>	<i>25,448</i>	<i>29,212</i>	<i>30,905</i>	<i>33,479</i>	<i>35,006</i>
<i>Exports of services</i>	<i>4,464</i>	<i>4,557</i>	<i>4,927</i>	<i>5,200</i>	<i>5,694</i>	<i>6,474</i>
Total exports of goods and services	27,684	30,005	34,139	36,105	39,173	41,480

**IMPORTS OF GOODS AND SERVICES (BALANCE OF PAYMENTS BASIS) AT CURRENT
AND AVERAGE 1984-85 PRICES**
(\$ million)

	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
AT CURRENT PRICES						
Food, beverages and tobacco	1,017	1,211	1,476	1,705	1,936	2,013
Fuels	3,087	2,209	2,321	1,909	1,751	2,036
Chemicals (incl. plastics)	1,769	2,155	2,567	3,003	3,466	4,280
Textile, fabrics, etc.	1,009	1,304	1,452	1,669	1,830	1,931
Metals and metal manufactures	1,193	1,143	1,462	1,695	1,845	2,205
Machinery	5,770	6,325	8,308	10,827	11,360	12,230
Transport equipment	2,825	2,936	4,512	5,415	4,502	4,152
Manufactures n.e.c.	3,992	4,681	5,930	6,892	7,700	8,563
Other imports	1,043	1,533	2,065	2,561	2,769	2,976
<i>Total imports f.o.b.</i>	<i>21,705</i>	<i>23,497</i>	<i>30,093</i>	<i>35,676</i>	<i>37,159</i>	<i>40,386</i>
of which:						
Exogenous	4,097	3,098	4,237	4,539	4,459	3,829
Endogenous—						
Consumption goods	4,742	5,616	6,918	8,123	8,296	9,348
Capital goods	4,357	4,936	6,567	8,146	8,031	8,578
Other goods	8,509	9,847	12,371	14,868	16,373	18,631
<i>Total endogenous</i>	<i>17,608</i>	<i>20,399</i>	<i>25,856</i>	<i>31,137</i>	<i>32,700</i>	<i>36,557</i>
<i>Imports of services</i>	<i>6,822</i>	<i>7,295</i>	<i>8,915</i>	<i>9,843</i>	<i>10,245</i>	<i>11,397</i>
Total imports of goods and services	28,527	30,792	39,008	45,519	47,404	51,783
AT AVERAGE 1984-85 PRICES						
Food, beverages and tobacco	1,203	1,350	1,476	1,488	1,532	1,641
Fuels	3,119	2,370	2,321	2,070	2,753	2,957
Chemicals (incl. plastics)	1,923	2,328	2,567	2,608	2,769	3,257
Textiles, fabrics, etc.	1,204	1,489	1,452	1,444	1,426	1,476
Metals and metal manufactures	1,341	1,267	1,462	1,455	1,424	1,631
Machinery	6,341	6,805	8,308	9,530	9,134	10,610
Transport equipment	3,470	3,310	4,512	4,404	3,167	2,800
Manufactures n.e.c.	4,558	5,167	5,930	5,891	5,754	6,327
Other imports	1,176	1,683	2,065	2,251	2,173	2,281
<i>Total imports f.o.b.</i>	<i>24,335</i>	<i>25,769</i>	<i>30,093</i>	<i>31,141</i>	<i>30,132</i>	<i>32,980</i>
of which:						
Exogenous	4,313	3,388	4,237	4,418	5,015	4,538
Endogenous—						
Consumption goods	5,754	6,493	6,918	6,899	6,220	7,038
Capital goods	4,776	5,219	6,567	7,053	6,270	7,160
Other goods	9,492	10,669	12,371	12,771	12,627	14,244
<i>Total endogenous</i>	<i>20,022</i>	<i>22,381</i>	<i>25,856</i>	<i>26,723</i>	<i>25,117</i>	<i>28,442</i>
<i>Imports of services</i>	<i>7,646</i>	<i>7,962</i>	<i>8,915</i>	<i>8,489</i>	<i>8,229</i>	<i>9,059</i>
Total imports of goods and services	31,981	33,731	39,008	39,630	38,361	42,039

FOREIGN PARTICIPATION STATISTICS

Foreign participation statistics include statistics on both foreign ownership and control of enterprises in Australia. Foreign ownership statistics provide a measure of the beneficial equity interest held by foreign residents (individuals and companies) in enterprises in Australia. Foreign control statistics provide a measure of the potential control, through ownership of voting shares, that foreign residents may have over the key policy decisions of enterprises in Australia. Following the termination of a previous program of studies in 1978, a program of foreign participation studies of industries and economics activities was reintroduced in 1982.

Brief explanatory notes and separate summary tables of ownership and control statistics are presented in the following tables for the most recent studies undertaken in the current program.

For agriculture, separate measures are provided for ownership of agricultural land and for ownership and control of agricultural activity. The statistics presented on foreign ownership of agricultural land are based on the ownership characteristics of the landowners. The statistics on foreign ownership and control of agricultural activity, on the other hand, are based on the ownership characteristics of the businesses operating on agricultural land. The owners of any particular parcel of land and the business operating on that land can, of course, be different entities.

Scope and methodology

The scope of each study together with the methodology used is outlined in the individual foreign participation publications listed in the bibliography at the end of the chapter. The statistical unit used in the compilation of the statistics is also defined in each publication. Generally, foreign participation characteristics for statistical units in each study were derived from information on ownership links collected from enterprises included in the biennial ABS Survey of Shareholdings.

Measurement of ownership and control

Foreign ownership is measured in terms of the beneficial equity interest (through ownership links) of all identified foreign residents:

- (i) in enterprises operating in Australia, or
- (ii) in agricultural land.

In order to calculate the beneficial equity interests of foreign residents whose interests are held through other enterprises in Australia, all relevant ownership links are multiplied together. *Australian ownership* is all ownership not identified as foreign ownership.

To measure the aggregate levels of foreign and Australian ownership in a particular industry, the amount reported for the selected data item (such as value added, premiums received, assets, gross value of agricultural commodities produced or area of agricultural land) for each statistical unit is apportioned between foreign and Australian ownership in proportion to percentages of foreign and Australian ownership in that unit. Data for each unit are then aggregated to obtain totals of foreign and Australian ownership.

In *control statistics*, enterprises are classified to one of four categories of control: foreign control; joint foreign and Australian control; naturalised or naturalising; and Australian control.

An enterprise is classified to *foreign control* if it has not been granted naturalised or naturalising status under the government's foreign investment policy and if a foreign investor (individual, company or group of related companies) or a foreign controlled enterprise holds at least 25 per cent of its voting shares and there are no equal or larger shareholdings by an Australian resident, an Australian controlled enterprise or a joint foreign and Australian controlled enterprise. Enterprises in which there are no dominant

investors holding at least 25 per cent of the voting shares but all the voting shares are held by foreign residents are also classified to *foreign control*.

An enterprise is classified to *joint foreign and Australian control* if it does not have naturalised or naturalising status and either the single largest shareholder has 25 per cent or more of the voting shares and is itself joint foreign and Australian controlled or there are two or more equally large investors (there being no single larger investor) each with 25 per cent or more of the voting shares in the enterprise and:

- (i) at least one of these investors is either a foreign resident or foreign controlled enterprise and at least one of these investors is either an Australian resident individual or an Australian controlled enterprise; or
- (ii) at least one of these investors is joint foreign and Australian controlled.

An enterprise is classified to *naturalised or naturalising* if it had such status (at the reference period pertinent to each study) under the government's foreign investment policy and would otherwise be classified to either foreign control or joint foreign and Australian control.

All enterprises not classified to foreign control, joint foreign and Australian control, or naturalised or naturalising are classified to *Australian control*.

To measure the levels of control in an industry (or economic activity) for each of these four categories of control, the whole of the amount reported for the selected data item (such as value added, type of expenditure, premiums received, assets, gross value of agricultural commodities produced or value of imports) for each statistical unit is allocated to the control category of that unit. Data for each unit are then aggregated to obtain totals for the industry (economic activity) attributable to each of the four control categories.

Country of ownership and control

In the following two tables the classification by country of foreign ownership or control are based on the country of domicile of the immediate foreign investor which may not be the country of the ultimate foreign investor.

OWNERSHIP SUMMARY BY COUNTRY OF OWNERSHIP

Industry/activity	Reference period	Ownership measured in terms of:	Total value of measure used	Foreign ownership					Total
				USA	UK	Other EEC(a)	Other	—per cent—	
Manufacturing industry	1982-83	value added	31,059.1	12.2	12.7	1.8	6.2	32.9	100.0
Transport industry	1983-84	value added	6,959.7	1.0	2.9	0.4	0.9	5.1	100.0
Life insurance industry	1983-84	premiums received	3,306.8	2.7	20.6	3.2	13.8	40.3	100.0
General insurance industry	1983-84	premiums receivable	5,934.8	2.5	17.0	4.9	9.8	34.1	100.0
Agriculture—									
Agriculture activity	1983-84	gross value of agricultural commodities produced	15,317.2	0.5	0.7		0.5	1.8	100.0
			million						
			hectares						
Agricultural land	at 31 March 1984	agricultural land area	486.6	1.8	2.4	0.2	1.4	5.9	100.0
			\$ million						
Mining industry	1984-85	value added	10,609.9	21.7	13.3	1.9	7.8	44.7	100.0
Private sector construction industry	1984-85	value added	7,950.5	1.4	3.6	2.8	1.6	9.6	100.0
Banking industry	June 1986	asset	154,587.8	5.3	7.5		8.2	21.0	100.0
Registered financial corporations	June 1986	assets	105,090.9	11.4	10.8		13.1	35.4	100.0

(a) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands.

CONTROL SUMMARY BY COUNTRY OF CONTROL

Industry/activity	Reference period	Control measured in terms of:	Foreign control					Other EEC (a)	Other	Total	Joint foreign and Australian control	Naturalised and naturalising	Australian control	Total
			USA	UK	—pet cent—									
			\$ million											
			Total value of measure used											
Manufacturing industry	1982-83	value added	12.4	12.9	1.9	4.9	32.1	1.2	1.3	65.4	100.0			
New fixed capital expenditure by private enterprises, selected industries	1982-83	new fixed capital expenditure	15.805.6	10.5	1.1	2.7	29.9	7.1	2.0	61.0	100.0			
Transport industry	1983-84	value added	0.4	2.3	0.4	0.2	3.4		0.1	96.5	100.0			
Life insurance industry	1983-84	premiums received	2.9	15.7	4.6	3.4	26.6	(b)n.a.	..	73.4	100.0			
General insurance industry	1983-84	premiums receivable	2.4	15.6	5.7	9.0	32.6	3.3	..	64.1	100.0			
Agricultural activity	1983-84	gross value of agricultural commodities produced												
Mining industry	1984-85	value added	0.5	0.5	0.5	1.5	1.5	24.8	0.2	11.5	98.2	100.0		
Private sector construction industry	1984-85	value added	7.950.5	1.1	3.2	4.7	10.0	0.4	..	89.6	100.0			
Private mineral exploration other than for petroleum	1984-85	exploration expenditure	437.3	14.6	13.2	4.8	35.9		16.7	47.5	100.0			
Private petroleum exploration	1984-85	exploration expenditure	803.2	22.3	7.9	3.9	37.3		6.2	56.5	100.0			
Imports	1984-85	value of imports	29,050.8	18.9	12.5	4.4	53.2	0.5	0.2	46.1	100.0			
Research and experimental development	1986-87	expenditure	1,189.3	12.5	8.9	1.5	31.5	0.3	6.9	61.3	100.0			
Banking industry	June 1986	assets	154,587.8	1.1	1.1	3.0	5.1	1.3	..	93.6	100.0			
Registered financial corporations	June 1986	assets	105,090.9	10.6	9.0	9.2	28.9	2.4	..	68.7	100.0			

(a) Belgium, Denmark, France, Federal Republic of Germany, Greece, Ireland, Italy, Luxembourg and Netherlands. (b) Only one enterprise in this category was identified. It has been included in the statistics for the foreign control category.

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Other Publications

Related publications are available from:

Australian Customs Service—

Australian Customs Tariff

Customs (Prohibited Imports) Regulations

Other Information

In addition to the publications listed above, foreign trade statistics are also available via a number of special services which are described below. These services provide data on a monthly, quarterly or less frequent basis.

Special returns service: Subscribers to this service can receive foreign trade statistics at a particular commodity level on computer produced printout or via the electronic mail service TELESTATS. These statistics are available in one or more of a limited number of formats, for a charge consistent with the level of detail required. More details concerning the special returns service are contained in the information paper *Foreign Trade Statistics: Special Returns Service* (5480.0).

Microfiche service: Foreign trade statistics are also available on microfiche in a variety of tabular formats. Each tabular format covers all commodities exported or imported at various levels of aggregation. This service is recommended where the subscriber wishes to obtain foreign trade details for a large number of commodities. Details of this service are contained in the ABS information paper *Foreign Trade and Shipping Statistics: Microfiche Service* (5483.0).

Magnetic tape service: Statistics for imports, exports and import clearances are available on 9-track magnetic tape approximately 4 weeks after the end of the reference period. This service is recommended where the subscriber wishes to obtain trade data at the most detailed level. Documentation regarding the content and structure of these tapes is contained in the ABS information paper *Foreign Trade and Shipping Statistics: Magnetic Tape Service* (5484.0).

To satisfy special needs, where none of the standard output referred to above are appropriate, special 'customised' reports can also be made available.

Payment is generally required in advance for all these services.