



RESEARCH NOTE

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Australia's Exports: A Changing Picture

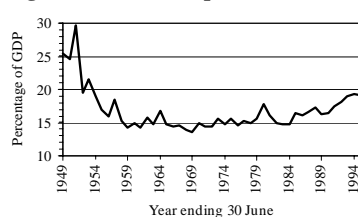
Introduction

While the size of the export sector in 1994-95 was \$87 billion, in relation to the economy, it is no larger today than it was in the early 1950s. The characteristics of the sector, though, have changed quite dramatically.

Size of the Export Sector

After World War 2, exports (goods and services) were a substantial proportion of Gross Do-

Figure 1: Size of Export Sector



mestic Product (GDP) - see Figure 1 - but since the early 1950s this proportion started to decline and by the early 1960s was around 15%, where it remained until the mid 1980s. Since then there has been a gradual increase

in exports to the current level of 19% of GDP.

Destination Countries

Over the last 40 years the geographic representation of the countries that Australia exports to has significantly changed.

No longer is Australia heavily dependent on the UK or other European countries. The formation of the European Economic Community (EEC) in 1958 made trade with Europe increasingly difficult for non-European countries and when the UK joined the EEC in 1973 Australia's export opportunities were reduced even further.

Replacements for the EEC were found in Asian nations, with their rapidly growing economies, which provided close, large markets for Australia's exports.

Table 1 shows changes in the top ten countries to which Australia exports and the proportion of exports that go to these top ten

countries.

In 1954-55, five of the top ten countries were European and they took nearly 60% of Australia's merchandise exports. In contrast, there is now only one European country in the top ten and it takes less than 4% of total exports.

Only three Asian countries were in the top ten in 1954-55 accounting for 12% of exports, while in 1994-95, seven of the top ten were Asian countries accounting for 54% of total exports.

As well, Australia is not quite so dependent on the top ten countries. In 1954-55, 82% of exports were to these countries; this has now been reduced to 71%.

Japan supplanted the UK as Australia's largest export market in 1966-67 and has easily remained in that position.

An ongoing concern of the export situation, though, is that a major proportion of Australia's exports is still tied to a single country. In

Table 1: Australia's Merchandise Exports, Top Ten Countries

Rank	1954-55		1964-65		1974-75		1984-85		1994-95	
	Country	% of Exports	Country	% of Exports	Country	% of Exports	Country	% of Exports	Country	% of Exports
1	UK	36.9	UK	19.5	Japan	28.1	Japan	26.9	Japan	24.3
2	France	8.3	Japan	16.6	USA	9.5	USA	11.6	Korea (Rep)	7.9
3	Japan	7.6	USA	10.0	NZ	6.1	NZ	5.2	NZ	7.1
4	USA	6.8	NZ	6.0	UK	5.4	Korea (Rep)	3.9	USA	6.9
5	NZ	4.9	China (PR)	5.1	Germany (FR)	3.5	China (PR)	3.6	Singapore	5.4
6	Italy	4.6	France	4.2	Canada	3.3	UK	3.1	Taiwan	4.6
7	Germany (FR)	4.1	Italy	3.2	China (PR)	2.8	Taiwan	2.9	China (PR)	4.4
8	Belgium	4.0	Germany (FR)	3.2	USSR	2.8	Hong Kong	2.8	Hong Kong	3.9
9	India	2.5	Malaysia	3.1	Singapore	2.4	Singapore	2.6	UK	3.4
10	Hong Kong	2.2	USSR	2.9	Malaysia	2.2	Germany (FR)	2.5	Indonesia	3.1
Total of Top 10		81.9	73.7		66.2		65.1		71.1	

1954-55 over a third of exports were to the UK while in 1994-95 nearly a quarter were to Japan - this quarter represented \$16 billion.

Exports by Industry Sector

Australia is still often claimed to be "riding on the sheep's back" but, as can be seen from Figure 2, this is not the case any more.

Over the last 30 years (the period for which data are available on a consistent basis) Australia's merchandise exports of agricultural (Other Primary) products have

Raw materials (Minerals and Fuels) have increased from 6% to 29% of exports with a peak of over 40% in the mid 1980s.

Exports of manufactured goods have increased from 1/7 to 1/3 of exports over the period.

The three main industry sectors are now of almost equal importance in the value of exports. Minerals and Fuels and Other Primary are each worth \$19 billion and Manufactures is worth \$22 billion.

The Other industry sector is now around 10% (or \$7 billion) of

legal tender or otherwise), non monetary gold (excluding ores and concentrates) and a miscellaneous category. In Australia's case, the Other exports are predominantly non-monetary gold.

Goods versus Services

Figure 3 shows how the mix of Australia's exports has changed. In the late 1940s Australia was predominantly an exporter of merchandise goods but it has, over the decades, earned an increasing proportion of income from the export of services.

In 1994-95, Services accounted for 24% of total exports and were worth \$20.4 billion.

Over 50% of the Services component is derived from international tourism.

Sources

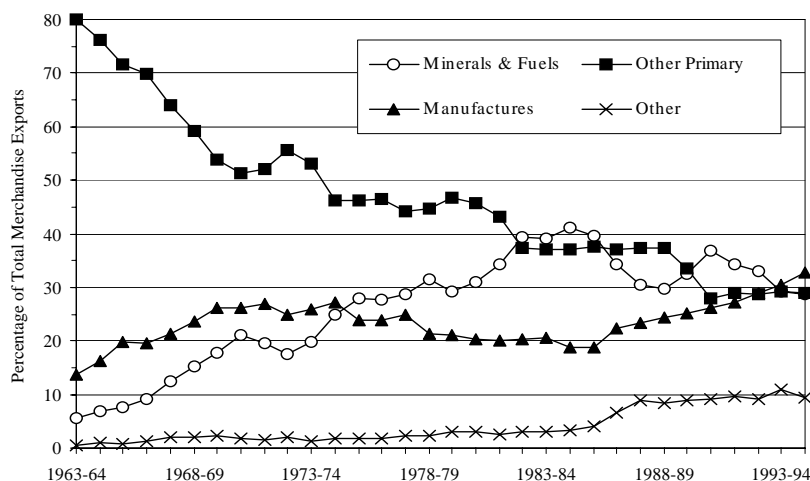
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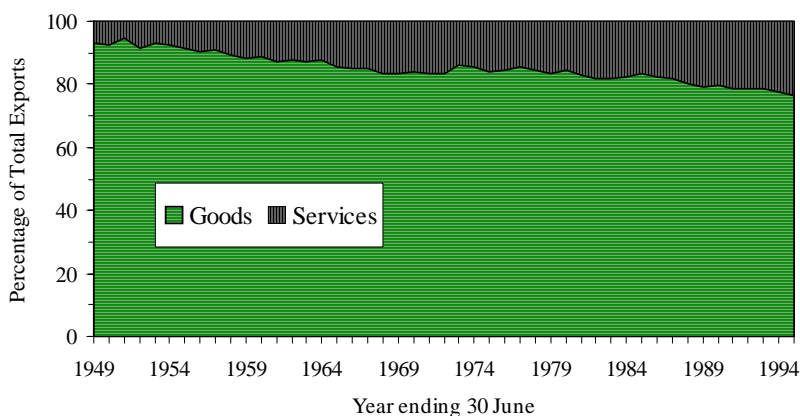
Figure 2: Merchandise Exports by Industry Sector



experienced a consistent decline from 80% of exports to less than 30%.

total merchandise exports. This sector includes confidential items, coins (gold or otherwise,

Figure 3: Exports of Goods and Services



Stephen Barber
Statistics Group
Parliamentary Research Service

Phone: 06 277 2484
 Fax: 06 277 2454

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