



RESEARCH NOTE

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Australia's Imports: An Historical Outline

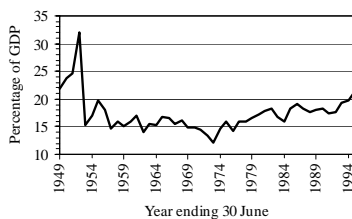
Introduction

The size of the import sector in 1994-95 was \$96 billion and, in relation to the economy, is at its highest level since the late 1940s and the early years of the 1950s. The characteristics of the sector have also changed quite dramatically in some aspects over the last 50 years.

Size of the Import Sector

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

Figure 1: Size of Import Sector



mestic Product (GDP) - see Figure 1 - but in the early 1950s declined dramatically to around 15%. A further gradual decline occurred until the trough of 12%

of GDP in 1972-73. Since then imports have generally increased to the current level of 21% of GDP.

Source Countries

Over the last 40 years the geographic representation of the countries that Australia imports from has changed significantly.

Table 1 shows changes to the top ten countries from which Australia imports and the proportion of imports that come from those countries.

Forty years ago, two of the top ten countries were European and they provided almost 50% of Australia's merchandise imports. In contrast, although there now are three European countries in the top ten they provide only 15% of total imports.

Five Asian countries were in the top ten in both 1954-55 and 1994-95. However, over that period the proportion of total imports they provided increased

from $\frac{1}{10}$ to almost $\frac{1}{3}$.

Australia still acquires a large proportion of its imports from the top ten countries. In 1954-55 77% of imports were from these countries whilst in 1994-95, the figure was 73%.

The USA and Japan have supplanted the UK as Australia's largest import providers with both these countries each providing about 20% of Australia's imports. In 1994-95 this amounted to \$16 billion of imports from the USA and \$13 billion from Japan. This represents a major change from when the UK provided almost half of Australia's imported merchandise goods.

Imports by Industry Sector

Australia's imports from each of the major industry sectors have not really changed to any significant extent over the last 30 years, see Figure 2.

Imports of manufactured goods

Table 1: Australia's Merchandise Imports, Top Ten Source Countries

| Rank | 1954-55 | | 1964-65 | | 1974-75 | | 1984-85 | | 1994-95 | |
|-----------------|------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| | Country | % of Imports | Country | % of Imports | Country | % of Imports | Country | % of Imports | Country | % of Imports |
| 1 | UK | 44.9 | UK | 26.2 | USA | 20.6 | Japan | 22.7 | USA | 21.5 |
| 2 | USA | 12.1 | USA | 23.8 | Japan | 17.5 | USA | 22.1 | Japan | 17.1 |
| 3 | Germany (FR) | 3.7 | Japan | 8.9 | UK | 15.0 | UK | 6.8 | Germany | 6.5 |
| 4 | India | 3.1 | Germany (FR) | 5.5 | Germany (FR) | 7.2 | Germany (FR) | 6.2 | UK | 5.9 |
| 5 | Canada | 2.8 | Canada | 4.0 | Canada | 2.7 | NZ | 3.8 | China (PR) | 4.9 |
| 6 | Indonesia | 2.7 | France | 2.3 | Italy | 2.6 | Taiwan | 3.6 | NZ | 4.8 |
| 7 | Sri Lanka | 2.3 | Indonesia | 2.2 | NZ | 2.3 | Italy | 3.0 | Taiwan | 3.4 |
| 8 | Japan | 2.2 | Sweden | 1.8 | Sweden | 2.3 | Singapore | 2.5 | Singapore | 3.0 |
| 9 | Borneo (British) | 1.8 | Malaysia | 1.8 | Hong Kong | 2.1 | Hong Kong | 2.3 | Korea (Rep) | 2.7 |
| 10 | Bahrain | 1.8 | Italy | 1.7 | Saudi Arabia | 2.1 | Saudi Arabia | 2.2 | Italy | 2.7 |
| Total of Top 10 | | 77.4 | 78.4 | | 74.5 | | 75.2 | | 72.6 | |

dominate total merchandise imports and have grown from 76% of total in 1964-65 to 87% (or \$65 billion) in 1994-95.

Australia's merchandise imports of agricultural (Other Primary)

Computers (\$3.2 billion and 4% of imports) are now our second highest import commodity behind Passenger Motor Vehicles (\$4.4 billion and 6%) and ahead of Crude Petroleum and Oils (\$2.5

services due to overseas travel by Australian residents.

Trade Balances

Over nearly fifty years, Australia's merchandise trade balance, ie exports less imports, has been in surplus 65% of the time.

The services balance, however, has always been a deficit, although the performance in the export of services over the last 5-10 years has seen this deficit almost reduced to zero.

Currently, Australia's goods and services trade deficit is \$8.9 billion (2% of GDP) comprised of a merchandise trade deficit of \$8.2 billion (1.8% of GDP) and a services deficit of \$0.7 billion (0.2% of GDP).

Whilst high (as a proportion of GDP) the goods and services trade deficit has been the same or worse in 10 of the last 47 years.

Sources

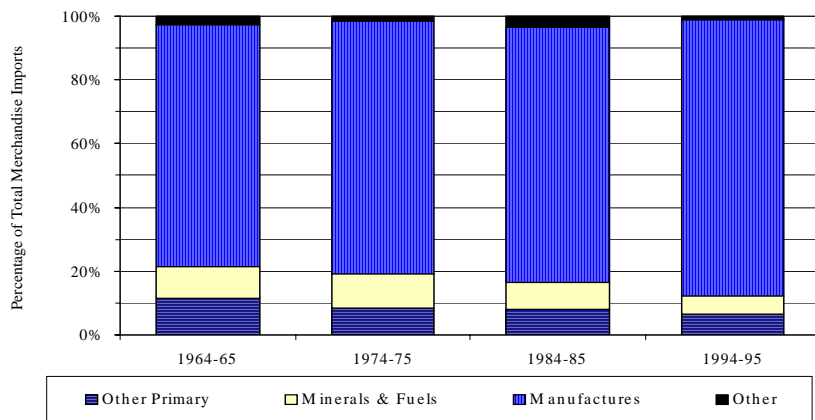
Australian National Accounts ABS (5204.0, 5206.0)

Balance of Payments, Australia ABS (5363.0)

International Merchandise Trade, Australia ABS (5422.0, 5410.0 and data on microfiche)

Tourism Data Book BTR.

Figure 2: Merchandise Imports by Industry Sector



products have experienced a consistent decline from 11% of imports to 7%. Raw materials (Minerals and Fuels) have decreased from 10% to 5% of imports. Minerals and Fuels were worth \$4 billion in 1994-95 while Other Primary was \$5 billion.

The Other industry sector has remained an insignificant amount at around 2% of total merchandise imports. This sector includes confidential items, coins, non monetary gold and a miscellaneous category.

Imports by Commodity

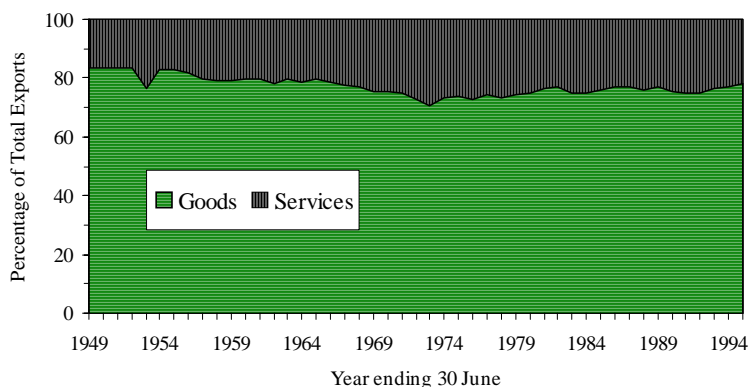
billion and 3%).

Goods versus Services

Figure 3 shows how the mix of Australia's imports has changed. Australia has always predominantly imported merchandise goods but the import of services has increased over the decades. In the late 1940s 16% of total imports were services. This has now grown to 22%, but peaked at nearly 30% in the early 1970s.

In 1994-95, services accounted for \$21 billion with about 45% of

Figure 3: Imports of Goods and Services



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