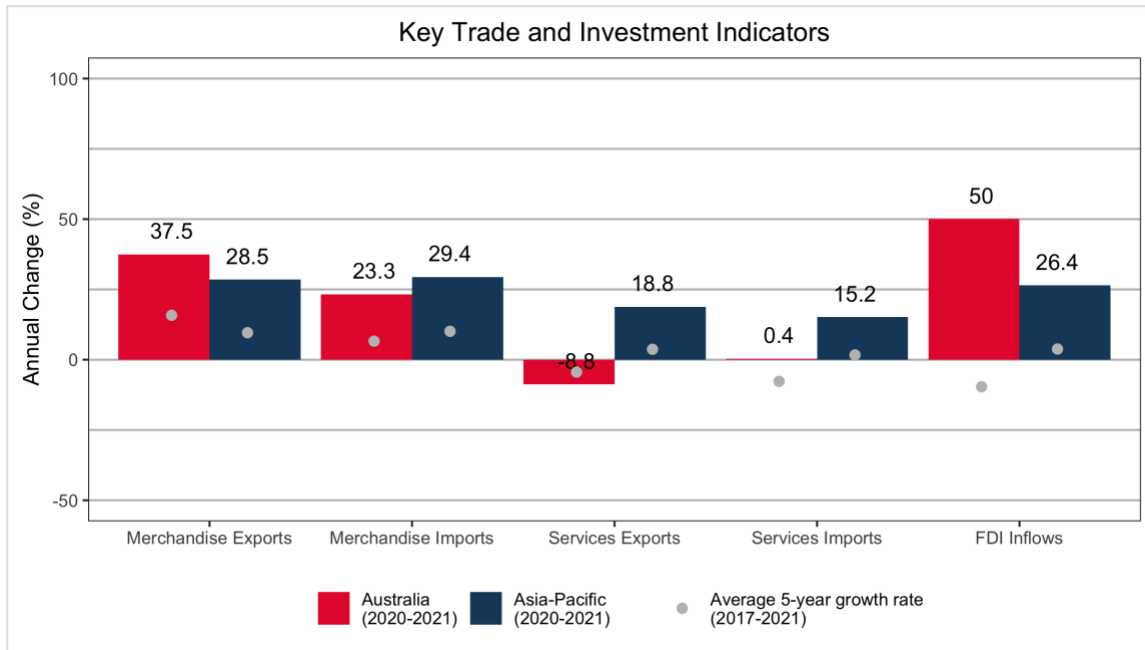




## Australia Trade Brief



### Merchandise Trade

In 2021, Australia registered a trade-to-GDP ratio of 44.6%, and merchandise trade accounted for 88% of Australia's total trade. From 2017-2021, Australia's merchandise exports grew by 15.8% and merchandise imports increased by 6.6% nominally each year on average. Merchandise exports in Australia experienced faster growth than the Asia-Pacific region's 9.6% annual growth during the same period. However, merchandise imports for Australia trailed behind the Asia-Pacific region's annual growth of 10.1%. In 2021, Australia's merchandise exports increased by 37.5% and merchandise imports grew by 23.3% nominally.

Looking ahead, Australia's merchandise exports are expected to grow by 12.9% in 2022 but then decline by 1.2% in 2023. Comparatively, exports in the Asia-Pacific region (excluding the Russian Federation) are anticipated to expand by 10.2% in 2022 and then by a more modest 1.9% in 2023. On the imports side, Australia is projected to grow by 15.8% in 2022 and then by 1.8% in 2023. Merchandise imports in the Asia-Pacific region (excluding the Russian Federation), for comparison, are forecasted to increase by 13% in 2022 and then by a more moderate 2.5% in 2023.

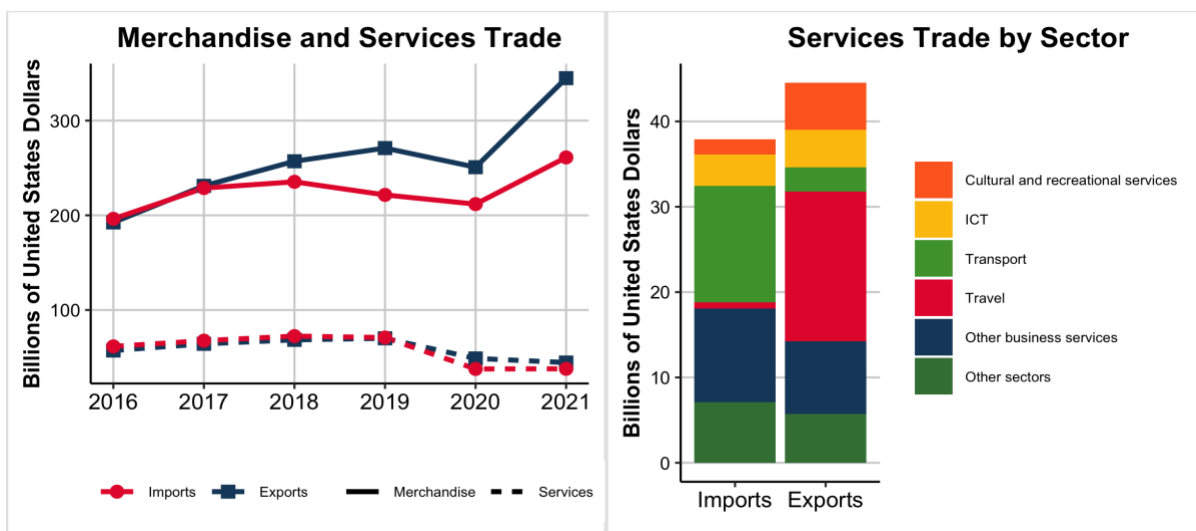
### Services Trade

The services trade share of total trade by Australia amounted to 12% in 2021. Over the 2017-2021 period, commercial services exports for Australia contracted by 4.4% annually and commercial services imports decreased by an annual average of 7.7% in nominal terms, which was lower than the Asia-Pacific's 3.7% and 1.7% average growth, respectively. In 2021, Australia's services exports contracted by 8.8%, following a year of 30.3% decline in 2020. In comparison, exports in the Asia-Pacific region grew by 18.8% in 2021, after falling by 21.4% in 2020. Commercial services imports in Australia recovered by 0.4% in 2021, compared to 15.2% growth in the Asia-Pacific region.



Sector-wise, "Other business services" comprised 23.7% of Australia's total commercial services trade in 2021, followed by "Travel services" at 22.2% and "Transport services" at 19.9%. The main driver of growth in services exports for Australia over the 2017-2021 period was "Personal, cultural, and recreational services", which saw an average 138.9% increase annually in nominal terms. On the imports side, "Other business services" was the greatest contributor to growth in commercial services, increasing 6.9% annually on average over the same period.

Looking ahead, Australia's services exports are expected to increase by 2.4% in 2022 and then by 11.5% in 2023. Comparatively, exports in the Asia-Pacific region (excluding the Russian Federation) are anticipated to grow by 8.9% in 2022 and then by 8% in 2023. Meanwhile, Australia's services imports are projected to expand by 28.5% in 2022 and then by 10.9% in 2023. Services imports in the Asia-Pacific region (excluding the Russian Federation), for comparison, are forecasted to increase by 10.5% in 2022 and then by 4.5% in 2023.

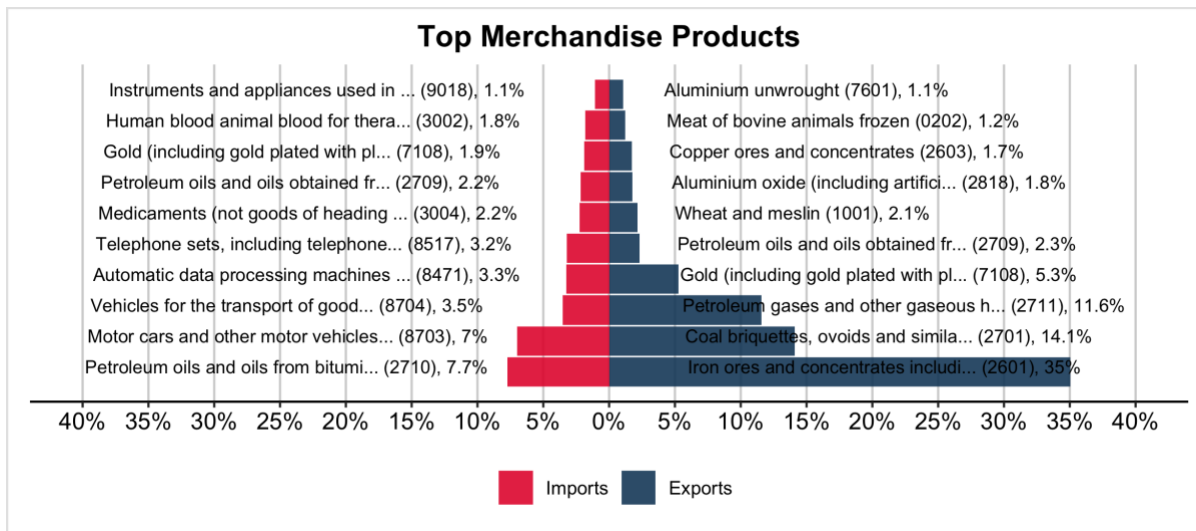
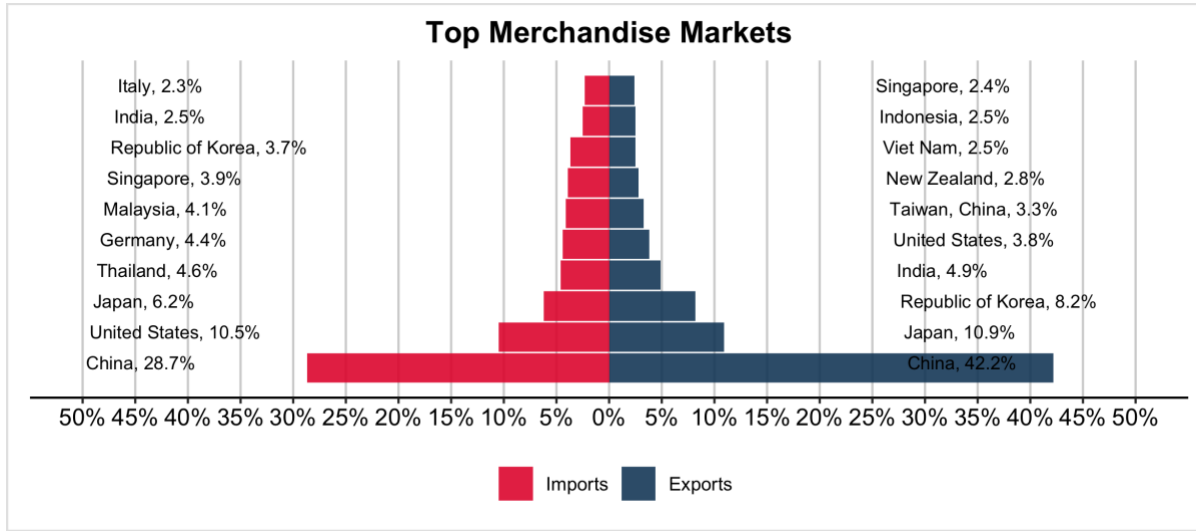


## Top Trade Partners

In 2021, the largest merchandise trade partner of Australia was China, representing 42.2% of its exports and 28.7% of its imports. 10.9% of Australia's exports and 6.2% of Australia's imports by value were traded with Japan, its second largest trade partner. Other significant trade partners were the United States; the Republic of Korea; India; Singapore; Thailand; Malaysia; Taiwan, China; and New Zealand.

## Top Traded Products

The largest merchandise product category exported by Australia in 2021 was "Iron ores and concentrates; including roasted iron pyrites" (2601), with an export share of 35% of total exports, followed by the second most exported product category, "Coal; briquettes, ovoids and similar solid fuels manufactured from coal" (2701), which accounted for 14.1% of Australia's total exports. In terms of imports, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710) represented 7.7% of total imports, standing out the top imported product category. Meanwhile, "Motor cars and other motor vehicles; principally designed for the transport of persons (other than those of heading no. 8702), including station wagons and racing cars" (8703) had a share of 7%, the second largest imported product category in Australia in 2021.



## Tariffs

In 2021, the average MFN applied and effectively applied tariff rates faced by Australia amounted to 2.3% and 1.8%, respectively, which were lower than the Asia-Pacific's average rates faced of 4% and 3%. As for tariffs imposed by Australia, the MFN applied and effectively applied tariff rates averaged 2.6% and 0.8% in 2021, and the average MFN bound tariff rate amounted to 4.3%. Australia's imposed tariff rates were all lower than the Asia-Pacific's average MFN applied, effectively applied and MFN bound rates of 4.2%, 3.4% and 11.5%, respectively. Australia is a founding member of the WTO. Currently, 95.5% of Australia's tariff lines are bound.

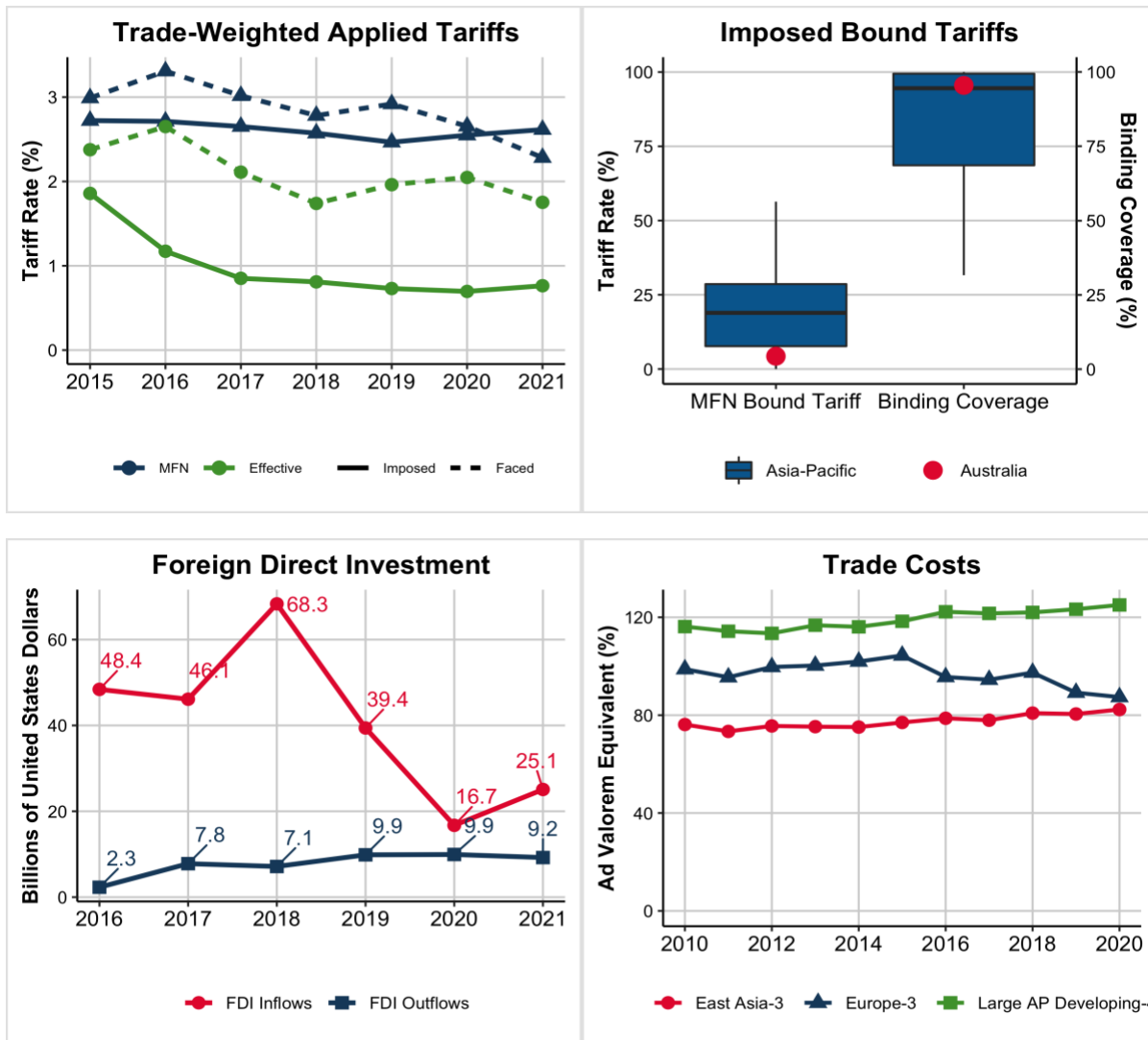
## Foreign Direct Investment (FDI)

Australia recorded an average annual FDI inflows decline of 9.6% from 2017 to 2021, which was lower than the Asia-Pacific's 3.8% average annual FDI inflows growth. In 2021, Australia experienced an increase in FDI inflows by 50%. In terms of FDI outflows, Australia had an average annual FDI outflows growth of 60.1% in the last five years, which was higher than the Asia-Pacific's 3.2% average annual FDI outflows growth. In 2021, Australia experienced a decline in FDI outflows by 7.2%.



## Trade Costs

Australia's trade costs were lowest with the East Asia-3 economies of China, Japan and the Republic of Korea. In 2020, trade costs with the East Asia-3 economies, on average, amounted to 82.3% of the value of goods, as compared to when the countries trade these goods within their borders. Trade costs were higher with the Europe-3 economies (Germany, France and the United Kingdom) and Large Asia-Pacific Developing-4 economies (China, India, Indonesia and the Russian Federation), amounting to 87.4% and 125%, respectively. As of 2018, Australia ranked in the 89th percentile for logistics performance among other countries in the Asia-Pacific region.



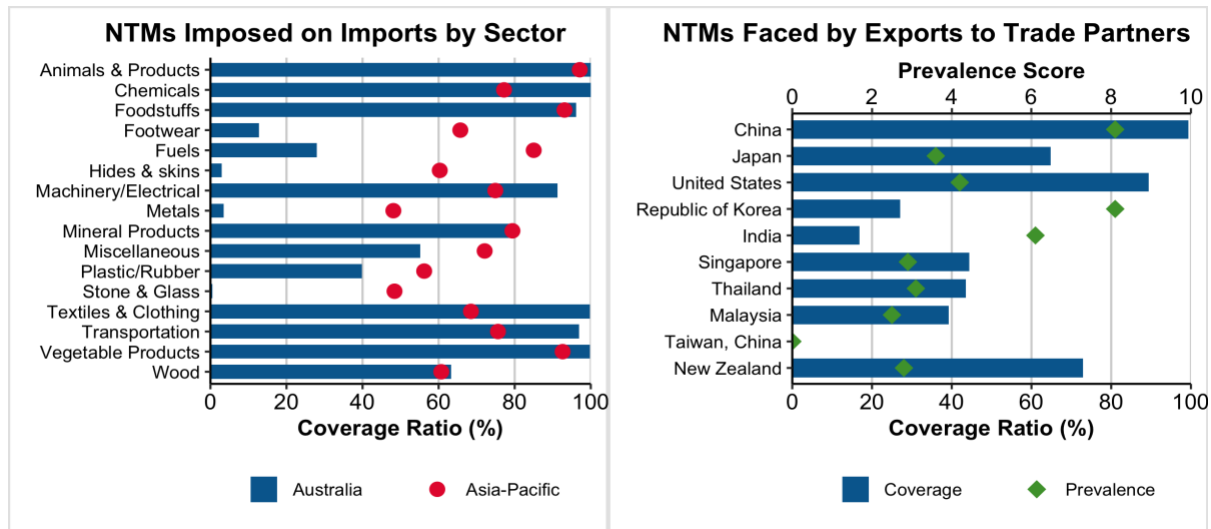
## Non-Tariff Measures (NTMs)

Non-tariff measure (NTM) incidence varies across sectors. For Australia, Animal & Animal Products, Chemicals and Textiles & Clothing had the highest percentages of imports regulated, where 100%, 100% and 99.8% of trade volume was subject to at least one NTM, respectively. The average coverage ratio for all other products was 65.5%. In Australia, Animal & Animal Products were subject to 17.2 distinct NTMs, which was



the highest, followed by Foodstuffs and Vegetable Products, in which the average product was subject to 16.3 and 15.5 different NTMs. All other products in other sectors were subject to 2.2 NTMs on average.

On the exports side, 99.4% of export volume to China and 64.8% of export volume to Japan, Australia's top two trade partners, faced at least one NTM. For all other trade partners, the average coverage ratio was around 30.9%. Exports to China and Japan faced 8.1 and 3.6 NTMs on average, respectively. The prevalence score for all other trade partners was 2.9 NTMs on average.



## Trade Agreements

Australia had 18 trade agreements in force, 2 signed agreements pending ratification and 4 trade agreements under negotiation as of 2021. Of the economy's total exports for the year, 68.8% were directed to its trade agreement partners, while 70.6% of its total imports came from trade agreement partners.

Title	Status	Year in Force	Share of Total Exports (%)	Share of Total Imports (%)
Australia-Papua New Guinea	in force	1977	0.34	0.66
South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA)	in force	1981	2.86	2.75
Australia-New Zealand	in force	1983	2.38	2.02
Australia-Singapore (Upgrade)	in force	2003	1.98	3.80
Australia-Thailand	in force	2005	1.27	4.50
Australia-United States of America (US)	in force	2005	3.20	10.34
Australia-Chile	in force	2009	0.12	0.20
ASEAN-Australia-New Zealand (Upgrade)	in force	2010	11.85	19.04
Australia-Malaysia	in force	2013	1.27	4.01
Australia-Republic of Korea	in force	2014	6.83	3.68
Australia-China	in force	2015	35.32	28.33



Title	Status	Year in Force	Share of Total Exports (%)	Share of Total Imports (%)
Australia-Japan	in force	2015	9.17	6.14
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	in force	2018	17.55	20.77
Australia-Hong Kong, China	in force	2020	1.37	0.26
Australia-Indonesia	in force	2020	2.11	1.46
Australia-Peru	in force	2020	0.03	0.07
Australia-Singapore Digital Economy Agreement	in force	2020	1.98	3.80
Pacific Agreement on Closer Economic Relations (PACER) Plus	in force	2020	2.44	2.03
Australia-India	signed	N/A	4.11	2.48
Australia-United Kingdom	signed	N/A	1.02	2.17
Australia-European Union (EU)	under neg.	N/A	2.83	15.95
Australia-Gulf Cooperation Council (GCC)	under neg.	N/A	1.21	0.87
Australia-New Zealand-Pacific Alliance	under neg.	N/A	2.60	3.38
Australia-United Arab Emirates	under neg.	N/A	0.51	0.38

*Sources:* Historic merchandise trade and commercial services data were accessed from the WTO statistics website. Merchandise and services projections were obtained from the Economist Intelligence Unit. Product-level and partner-level trade data were accessed through the UN Comtrade database. Tariff data were accessed through WITS and WTO tariff database. FDI data were accessed through UNCTAD stat. Trade costs data were based on the ESCAP-World Bank trade cost database. Logistics performance data were retrieved from the World Bank LPI dataset for the latest year available. Trade-to-GDP ratio was calculated by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database. NTM data were accessed through UNCTAD TRAINS. Preferential trade agreement data were retrieved from the GPTAD database through WITS.

*Note:* Data are based on economies for which data available only. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are trade-weighted averages. Trade costs are simple average across country groups and exclude the cost of tariffs. NTM data may not be reported for top 10 trade partners.

*Definitions:* MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the lowest available tariff (between any preferential tariffs and MFN tariffs at the HS 6-digit level). Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact [escap-tiid@un.org](mailto:escap-tiid@un.org). For country reports on regional integration, please visit the [RIA website](#).