

# ECONOMIC NOTE

## International Trade, April 2009

### Analysis

ABS international trade data<sup>1</sup> show that Western Australia's trade surplus grew by \$3.1 billion (or 27.8%) in the three months to April 2009 (compared with the same three-month period in 2008), with export values growing more rapidly than import values.

Nationally, exports grew at a much faster rate than imports over the year to April 2009, and the country recorded its fourth annual trade surplus since June 2002.

Annual average growth in the State's trade surplus has experienced significant growth since May 2008. While there was a slight decline between March and April 2009, annual average growth still remains strong. This is mainly attributed to the strong increase in the contract price for iron ore from April 2008 (iron ore typically accounts for more than 25% of the value of the State's exports – see below).

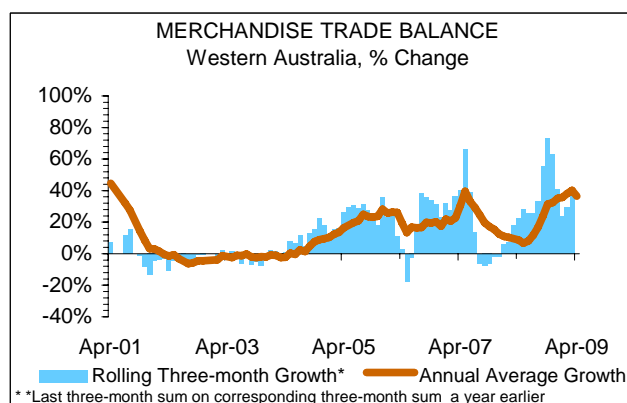
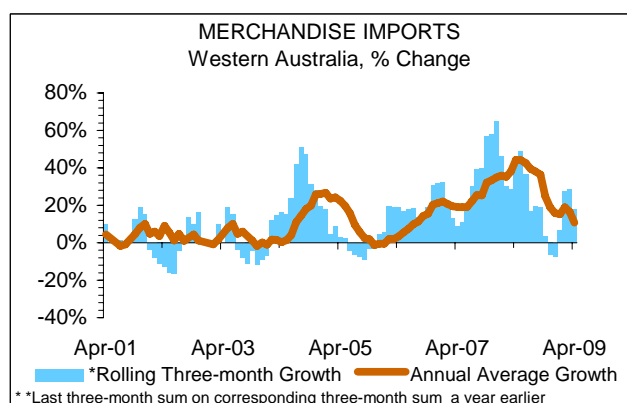
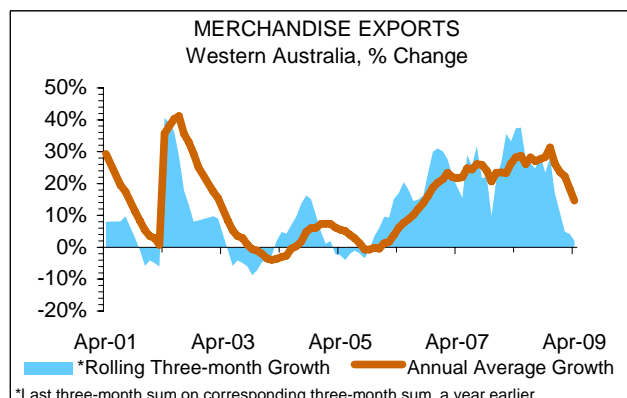
### Key Facts

The value of Western Australia's exports was \$22.5 billion over the April quarter 2009, an increase of \$4.3 billion (or 23.7%) compared with the same period a year earlier. Over the year to April 2009, the State's exports were valued at \$89.0 billion.

Imports over the April quarter 2009 were valued at \$8.2 billion, a 17.2% increase on the April quarter 2008. Over the year to April 2009, the State's imports were valued at \$34.2 billion.

The State's trade surplus was valued at \$14.3 billion during the three months and \$54.8 billion over the year to April 2009.

Nationally, exports were 20.5% higher during the April quarter 2009 than the same quarter a year earlier, while imports were 1.6% lower. The country's trade surplus was \$4.6 billion for the quarter. Over the past twelve months, Australia recorded a trade surplus of \$10.1 billion, only the fourth annual surplus since June 2002.



### NOMINAL INTERNATIONAL TRADE - April 2009

	3 Months to April 2009	3 Months to April 2009 on 3 Months to April 2008		Year to April 2009	Year to April 2009 on Year to April 2008	
	Value	Value	%	Value	Value	%
	\$ Million	\$ Million	%	\$ Million	\$ Million	%
Exports	22,518	4,313	23.7	88,980	22,830	34.5
Imports	8,200	1,202	17.2	34,161	8,177	31.5
Trade Balance	14,318	3,111	27.8	54,819	14,653	36.5

<sup>1</sup> Unless otherwise stated, the data in this Note are in nominal value terms, and therefore incorporate movements in both the price and volume of commodities traded. Also, all data are for merchandise trade only (not services).

## Export Details

The value of Western Australia's exports grew by 23.7% (or \$4.3 billion) over the April quarter 2009 (compared to the April quarter 2008).

### By Commodity

Of the 23.7% growth in the State's exports during the quarter, 18.1 percentage points were due to iron ore exports. Western Australia's iron ore exports during the quarter were valued at \$8.3 billion, an increase of 65.5% (\$3.3 billion) on the same quarter a year earlier.<sup>1</sup> While iron ore export volumes have fallen over the last few months, they remain at historical highs.

Other commodities that contributed to export growth were gold<sup>2</sup> (11.4 percentage points) and wheat (1.3 percentage points).

The 'confidential items' category<sup>3</sup> detracted 3.2 percentage points from export growth during the quarter. The value of the confidential items category was \$575 million (29.0%) lower than during the April quarter 2008.

### By Destination

China was the largest export destination during the April quarter 2009. Exports from Western Australia to China during this period were \$7.7 billion, an increase of \$3.2 billion, or 72.0% higher compared to the same period a year earlier. Over the year to April 2009, the State's exports to China were valued at \$26.1 billion, equal to 29.5% of the State's exports. Of this, iron ore accounted for \$21.8 billion (82.0%) and confidential items<sup>3</sup> accounted for \$7.2 billion (8.3%). Over the past year, the value of State's exports to China has increased by 64.2%.

Japan is Western Australia's next largest export destination. Japan's share of Western Australia's exports has been steadily rising since April 2008. Over the year to April 2009, Japan accounted for 20.9%, or \$18.5 billion of the State's exports. Of this, 41.2% was from iron ore and 41.3% was from the confidential items<sup>3</sup> category. The value of exports to Japan grew by 62.9% over the past 12 months.

## Import Details

Western Australian imports<sup>4</sup> during the April quarter 2009 were valued at \$8.2 billion, up 17.2% (or \$1.2 billion) when compared to the same quarter a year earlier. Imports growth was mainly driven by strong growth in gold<sup>2</sup> (18.8 percentage points) as well as plant, equipment and building materials (11.2 percentage points).

In annual average terms, the nominal value of State's merchandise Imports grew by 31.5% over the year to April 2009, faster than national growth of 14.4%.

### NOMINAL EXPORT VALUE

	April 2009	
	3 Months Value	3 Months Change*
	\$ Million	%
NSW	9,009	17.1
Victoria	4,861	-7.2
Queensland	11,684	46.6
SA	2,276	-8.2
<b>WA</b>	<b>22,518</b>	<b>23.7</b>
Tasmania	745	-17.2
<b>Australia</b>	<b>54,715</b>	<b>20.5</b>

\* Latest 3-month sum compared with corresponding 3-month sum in the previous year.

### NOMINAL IMPORT VALUE

	April 2009	
	3 Months Value	3 Months Change*
	\$ Million	%
NSW	18,105	-3.3
Victoria	12,379	-10.5
Queensland	6,907	-19.7
SA	1,524	-19.9
<b>WA</b>	<b>8,200</b>	<b>17.2</b>
Tasmania	191	20.9
<b>Australia</b>	<b>50,073</b>	<b>-1.6</b>

\* Latest 3-month sum compared with corresponding 3-month in the previous year.

<sup>1</sup> Contracted iron ore prices rose by an average of 85% for the current Japanese financial year (beginning 1 April 2008).

<sup>2</sup> Trade data on non-monetary gold should be interpreted with some caution. As a result of a restructuring of Australia's gold refining industry in 2002, large quantities of gold from jurisdictions (predominantly South-East Asian countries) outside of the State now enter Western Australia for refining, before being re-exported. As such, export figures for gold for Western Australia are often larger than the State's own level of gold production (due to re-exports of gold products). The United Kingdom (and in particular, the London Bullion Market Association) is a particularly large market for gold exports, with the UK often acting as a 'sink' for the State's gold exports when world demand from other countries (e.g. India) is low – even though it may not necessarily be a final destination for gold exports.

<sup>3</sup> Confidential Items are thought to comprise of alumina, bauxite and LNG. The ABS classifies (and aggregates) these items as "confidential items" to prevent data users from being able to identify production volumes and/or values from sole (or main) producers of particular commodities.

<sup>4</sup> This does not include international imports that enter the State via interstate (that is, imports consumed in Western Australia but entering the State through another jurisdiction).

## WESTERN AUSTRALIAN MERCHANDISE EXPORTS

	3 Months to April 2008 Value \$ Million	3 Months to April 2009 Value \$ Million	3 Months to April 2009 on 3 Months to April 2008 Change	
			\$ Million	%
<b>By Destination</b>				
Singapore	637.1	781.0	143.9	22.6
Indonesia	240.3	276.0	35.8	14.9
Malaysia	121.0	104.6	-16.3	-13.5
Thailand	477.5	528.7	51.2	10.7
Phillippines	60.1	67.9	7.8	13.0
<b>South East Asia</b>	<b>1,107.0</b>	<b>307.9</b>	<b>-799.2</b>	<b>-72.2</b>
South Korea	854.1	1,647.0	792.9	92.8
China	4,469.2	7,689.4	3,220.3	72.1
Taiwan	292.5	368.9	76.4	26.1
Hong Kong	91.6	160.6	69.1	75.4
<b>North East Asia</b>	<b>6,403.0</b>	<b>10,082.0</b>	<b>3,679.0</b>	<b>57.5</b>
<b>India</b>	<b>1,647.9</b>	<b>1,599.9</b>	<b>-48.0</b>	<b>-2.9</b>
Japan	2,210.7	3,060.7	849.9	38.4
USA	466.6	270.8	-195.8	-42.0
UK	784.0	3,396.4	2,612.4	333.2
Germany	88.9	185.7	96.8	108.8
Canada	103.7	51.7	-52.0	-50.2
France	45.7	97.4	51.8	113.4
Italy	1,120.7	13.9	-1,106.8	-98.8
<b>G8 Countries (excluding Russia)</b>	<b>6,461.0</b>	<b>10,151.8</b>	<b>3,690.7</b>	<b>57.1</b>
<b>All Destinations</b>	<b>18,205.0</b>	<b>22,518.0</b>	<b>4,313.0</b>	<b>23.7</b>
<b>By Commodity</b>				
Gold*	3,345.2	5,424.9	2,079.7	62.2
Iron Ore	5,019.5	8,305.7	3,286.2	65.5
ETMs	616.7	589.1	-27.6	-4.5
Wheat	577.0	813.2	236.2	40.9
Petroleum	2,457.2	1,731.7	-725.5	-29.5
LNG	1,360.4	1,429.0	68.6	5.0
Nickel	504.5	343.3	-161.2	-31.9
Wool	84.2	104.9	20.7	24.6
Crustaceans	87.3	85.5	-1.8	-2.1
Live Animals	93.8	113.4	19.6	20.9
Confidential Items (including Alumina)	2,554.2	1,979.2	-575.0	-22.5
<b>All Commodities</b>	<b>18,205.0</b>	<b>22,518.0</b>	<b>4,313.0</b>	<b>23.7</b>

Note: All figures are in nominal original terms. Figures may not add due to rounding. Elaborately Transformed Manufacture's (ETMs) include mineral manufactures and metals, chemicals and other semi-manufactures and engineering products.

\*See footnote on gold earlier in Note for further information