



AUSTRALIA'S ECONOMY



Australian Economy

- Prosperous, Western-style market economy
 - World Bank classification:
 - Low-income economies
 - 53 countries (e.g., Haiti)
 - Lower-middle income economies
 - 55 countries (e.g., Guatemala)
 - Upper-middle income economies
 - 41 countries (e.g., Mexico)
 - High-income economies
 - 60 countries (e.g., Australia)

Composition of GDP (%)

	Australia	U.S.
■ Agriculture	3.7	0.9
■ Industry	25.6	20.6
■ Services	70.7	78.5

Composition of Exports (%)

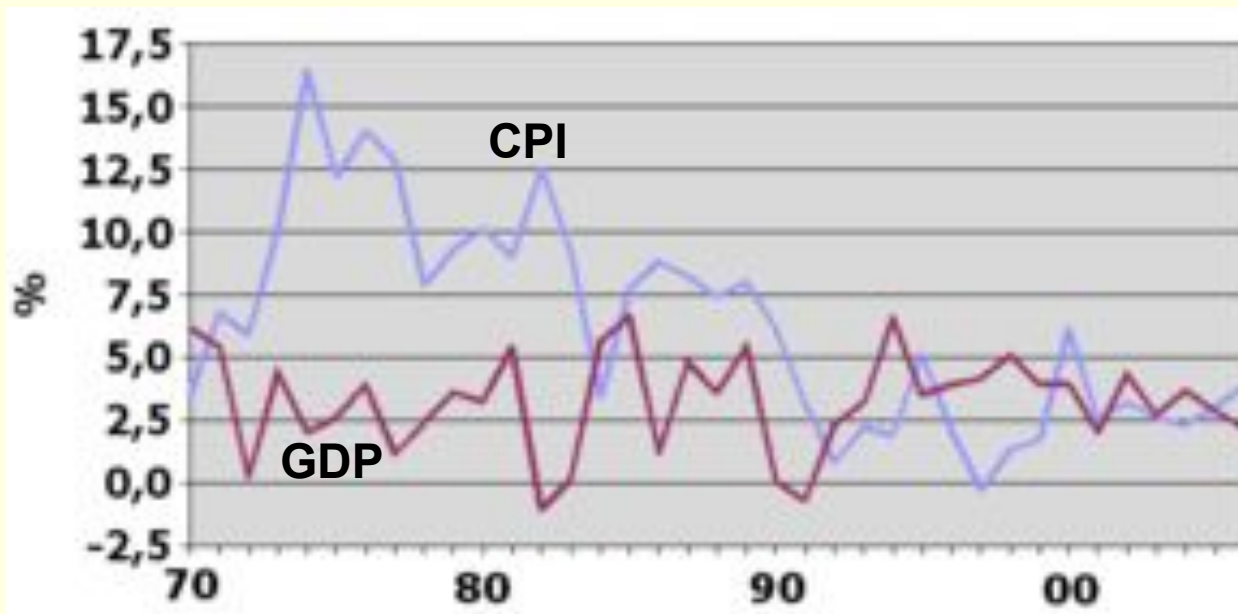
	Australia	U.S.
■ Minerals and Metals	60	?
■ Rural Goods	17	9
■ Manufactured Goods	18	82

Australian Economy

- Major economic reforms starting in the 1980s
 - First reform: Labor Party's floating of AUD in 1983
 - Free-trade agreements and reduction of trade barriers
 - Financial sector deregulation, including 1992 access for foreign bank branches
 - Rationalization and reduction of trade unions
 - Restructuring of centralized system of industrial relations and labor bargaining
 - Better integration of individual state economies into federal system
 - Improvement and standardization of national infrastructure
 - Privatization (e.g., Australian Wheat Board)

AUSTRALIA:

Annual Changes in GDP and CPI



Australian Economy

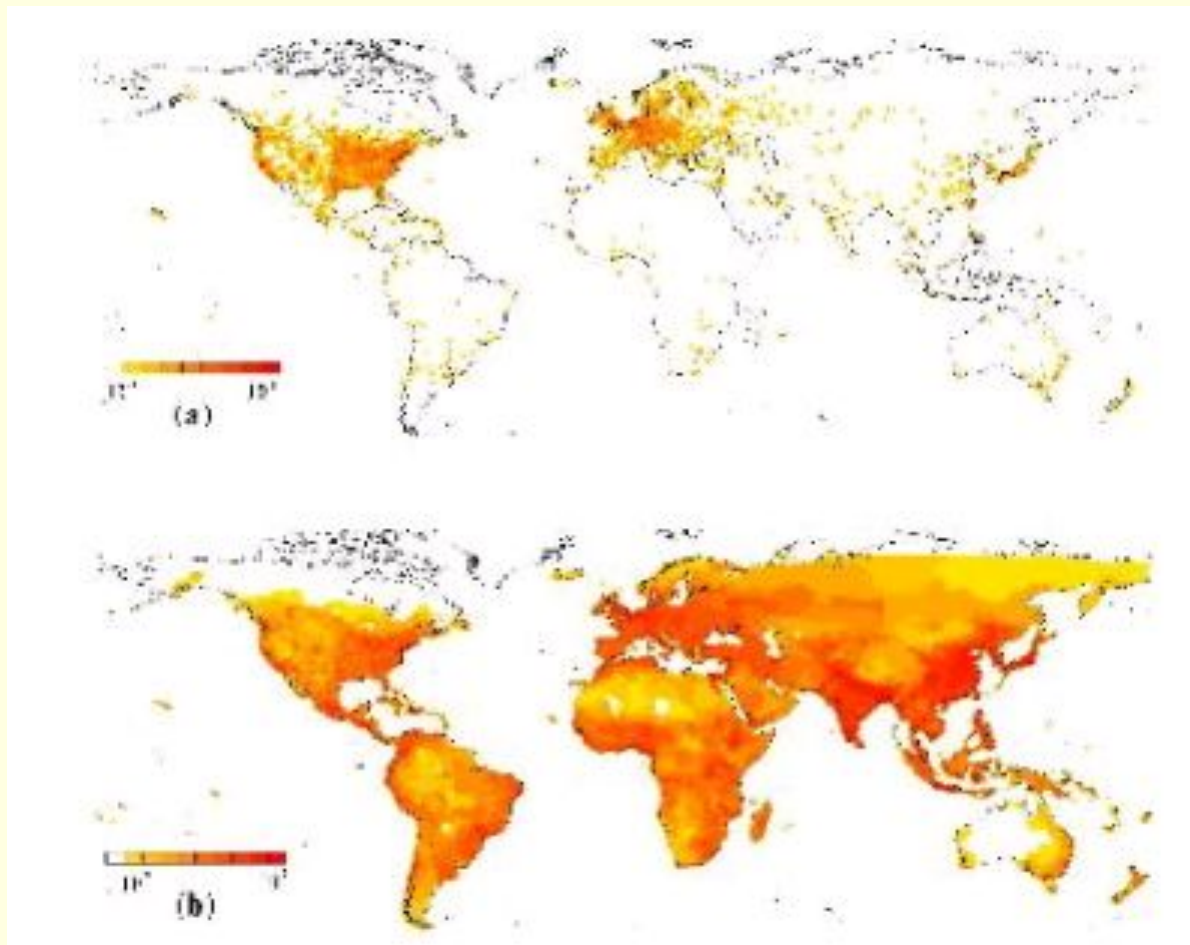
- Current concerns
 - Large current account deficit
 - Absence of export-oriented manufacturing industry
 - Real estate bubble
 - High levels of net foreign debt owed by the private sector
 - Pressure on environment

POPULATION

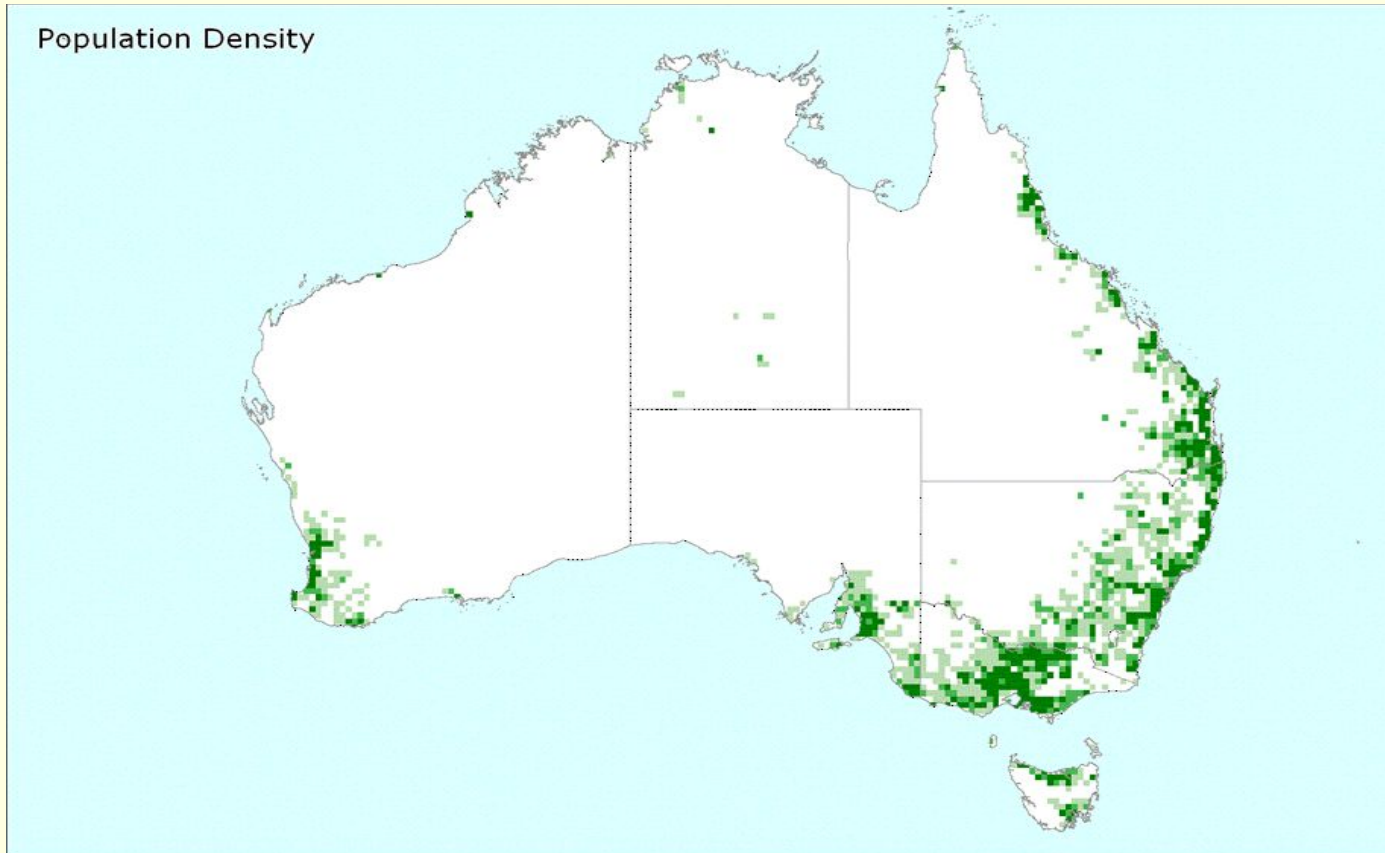
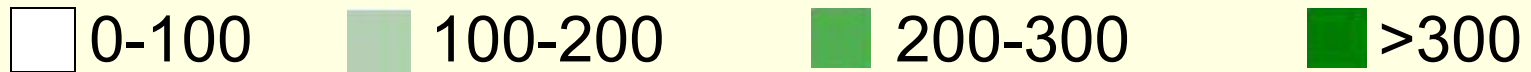
- Australia 20 million
- United States 294 million
- China 1,300 million
- India 1,073 million
- World 6,390 million

World Population Density

- Population (bottom) and Internet (top) densities

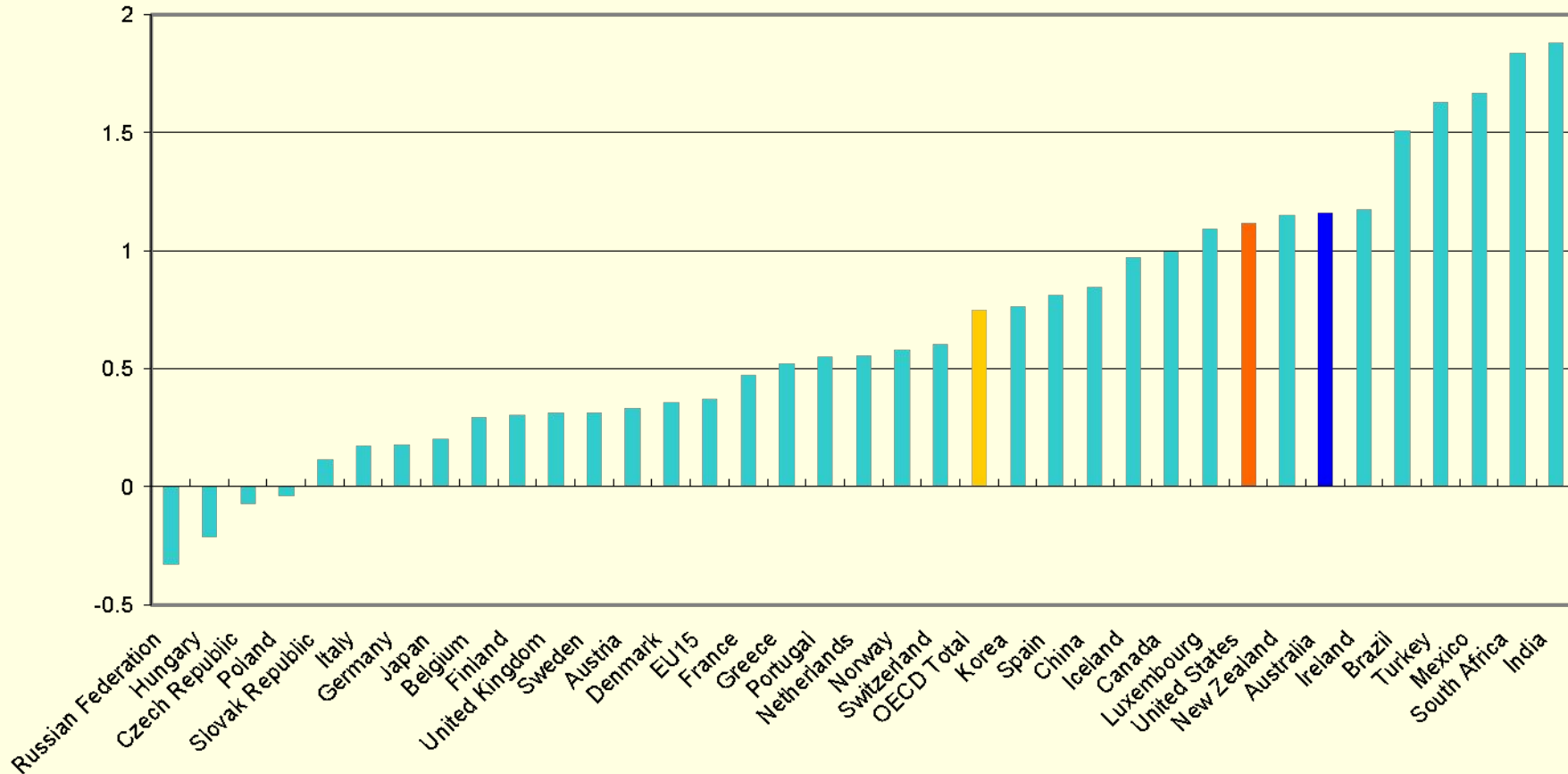


Australian Population Density



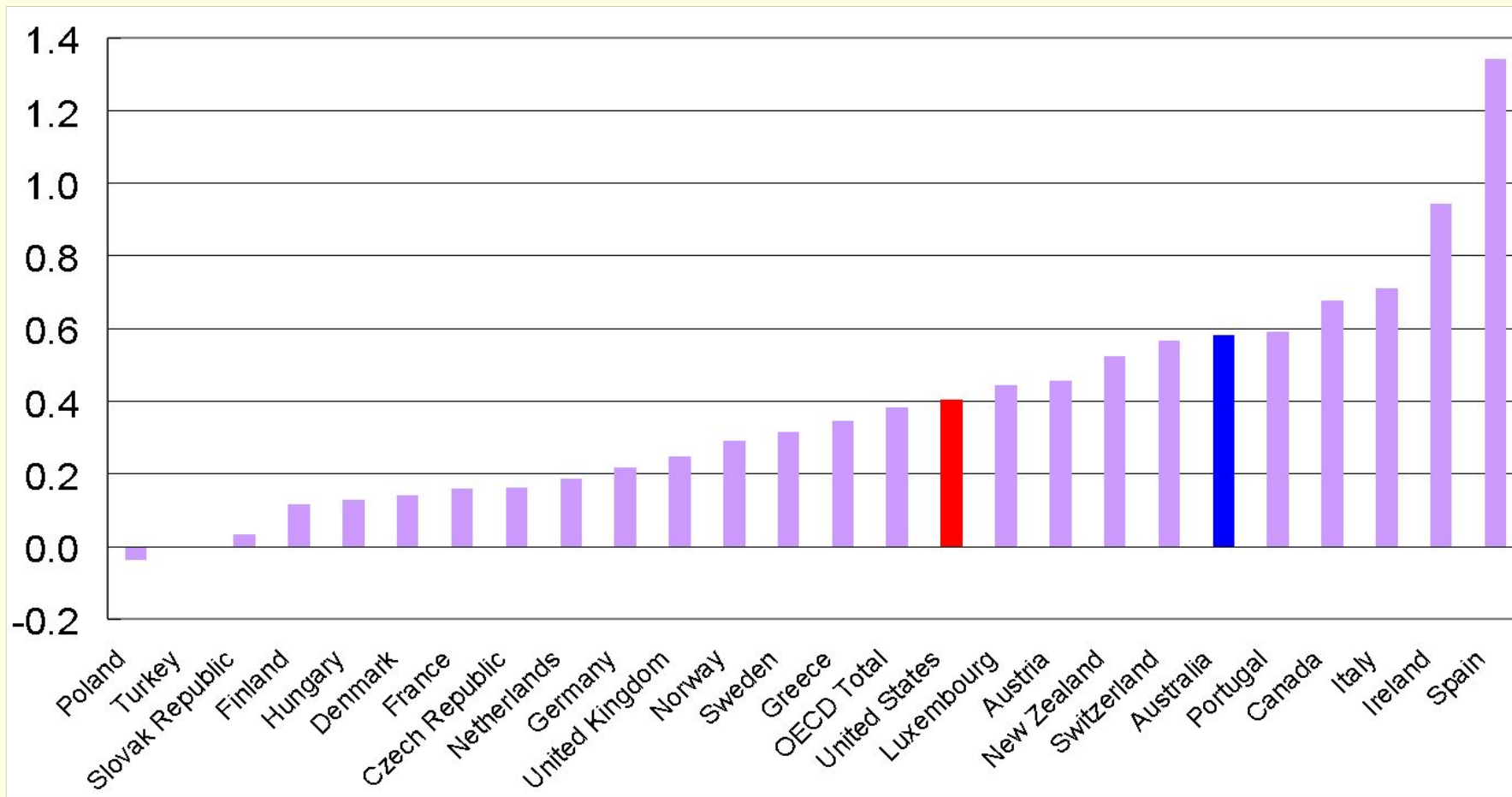
Annual Population Growth,

- Australia 1.16% per year
- U.S. 1.12% per year



Net Immigration Rate,

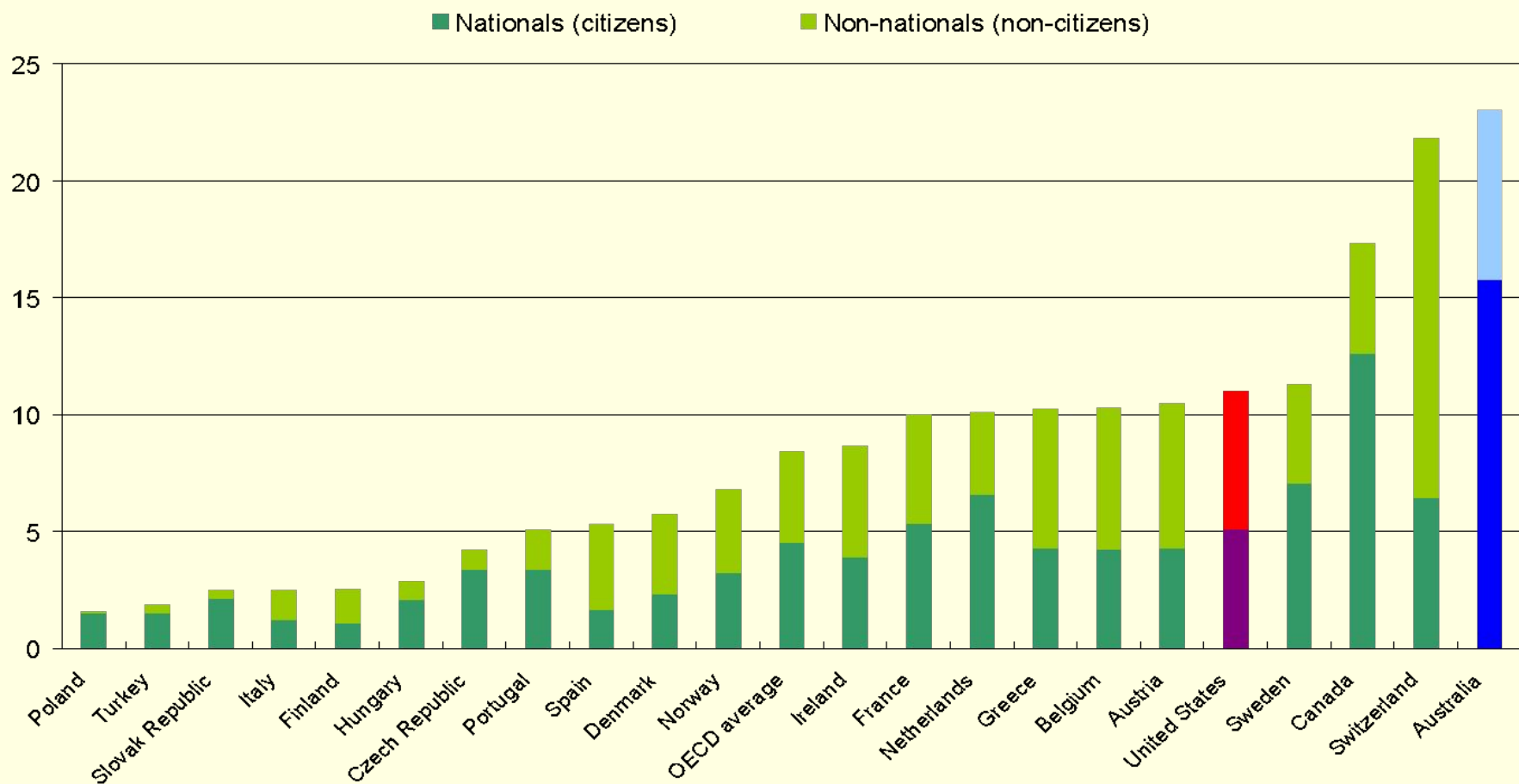
- Australia 0.58% of total population
- U.S. 0.40% of total population



Foreign-Born Population, circa

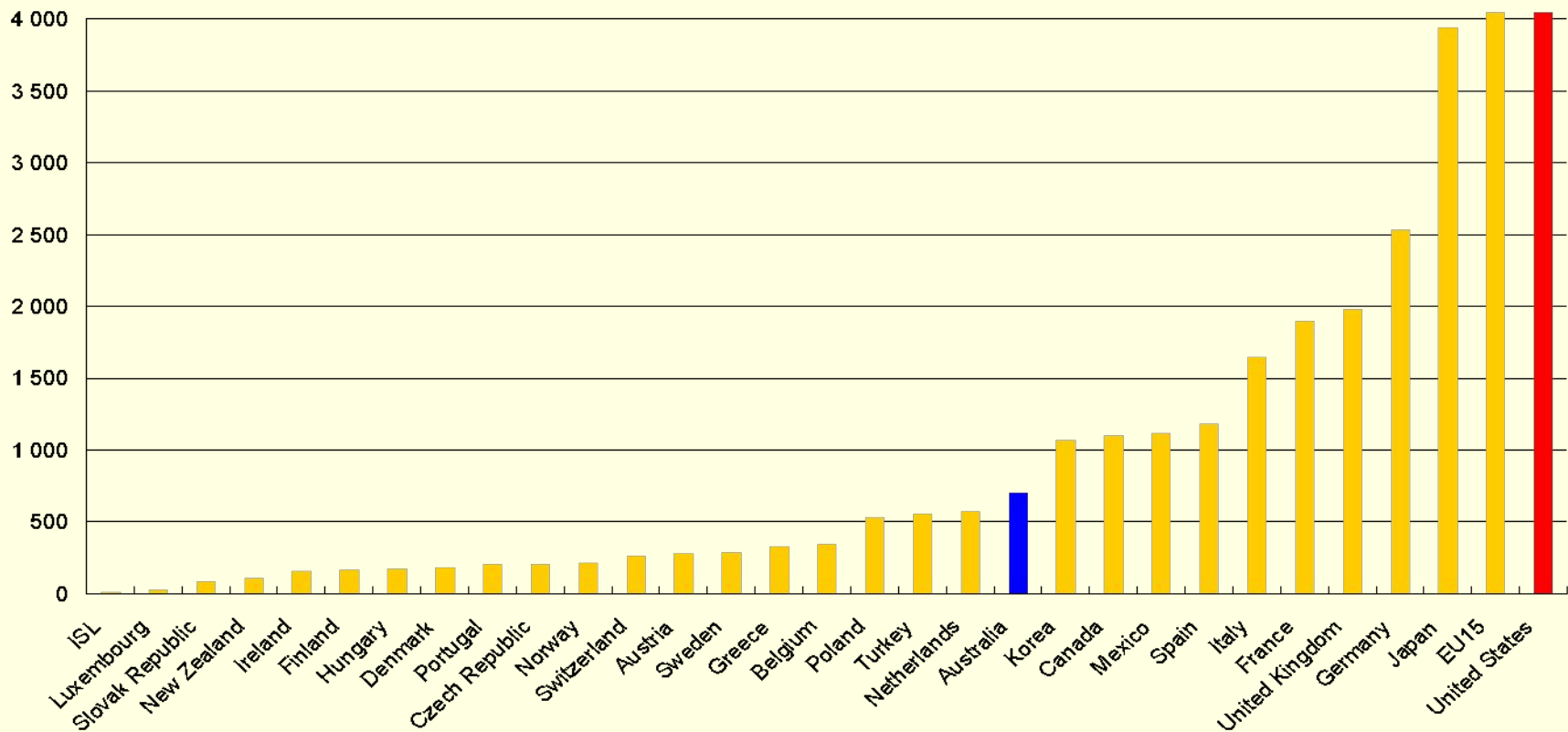
■ Australia 23%

■ U.S. 11%



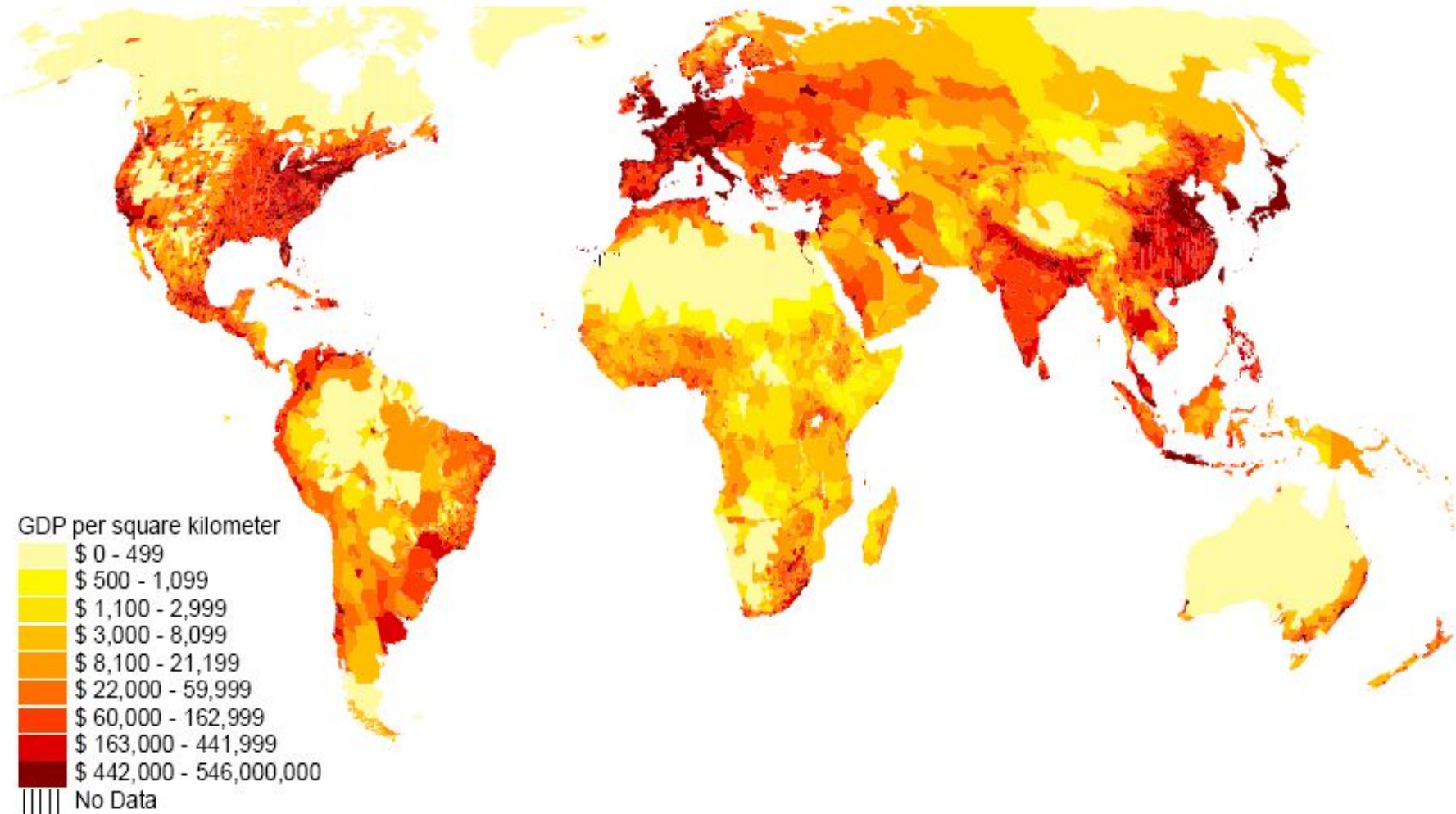
Gross Domestic Product, (billion U.S. dollars, PPP)

■ Australia 700
■ U.S. 12,400

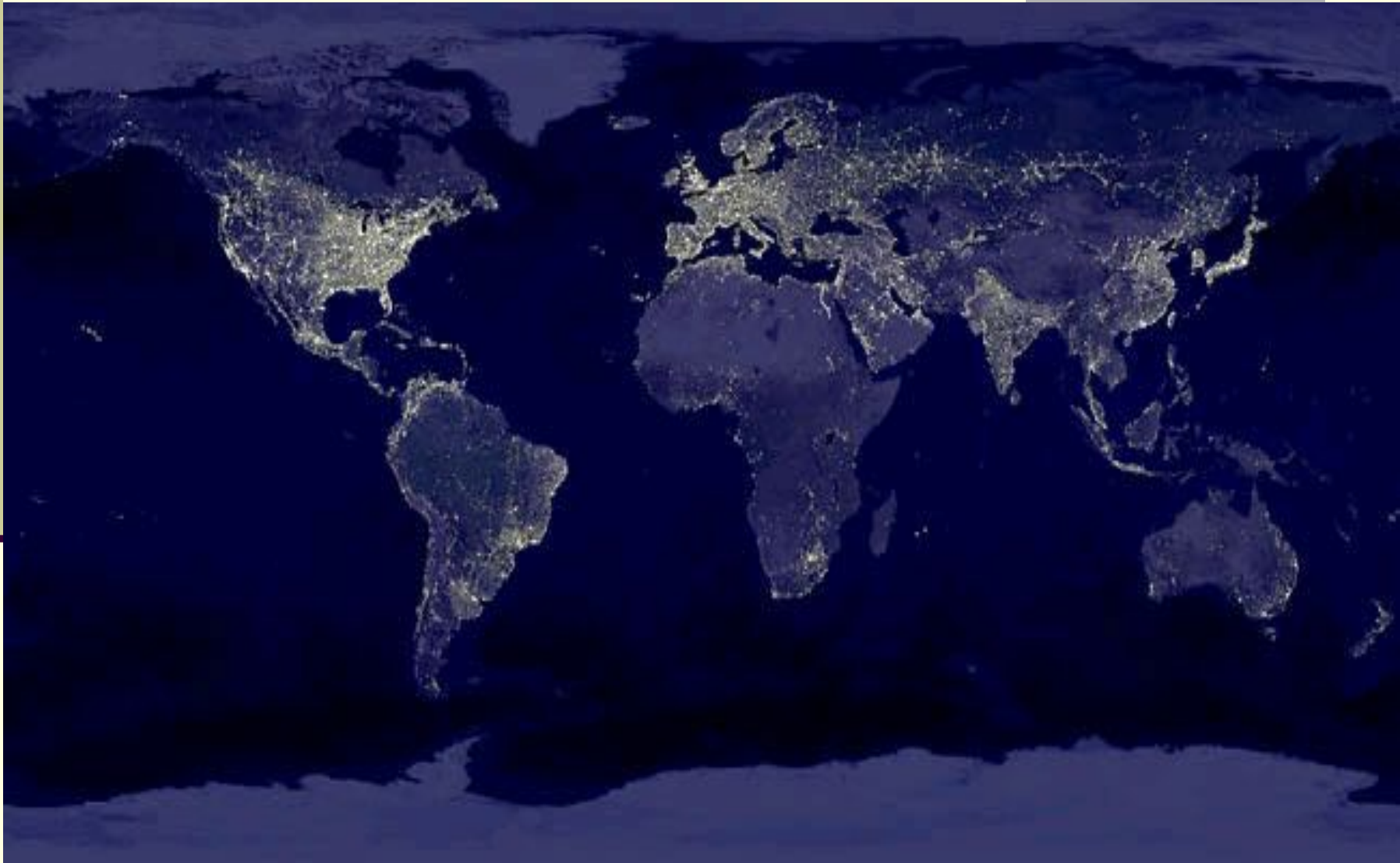


World Gross Domestic Product (1999)

GDP Density

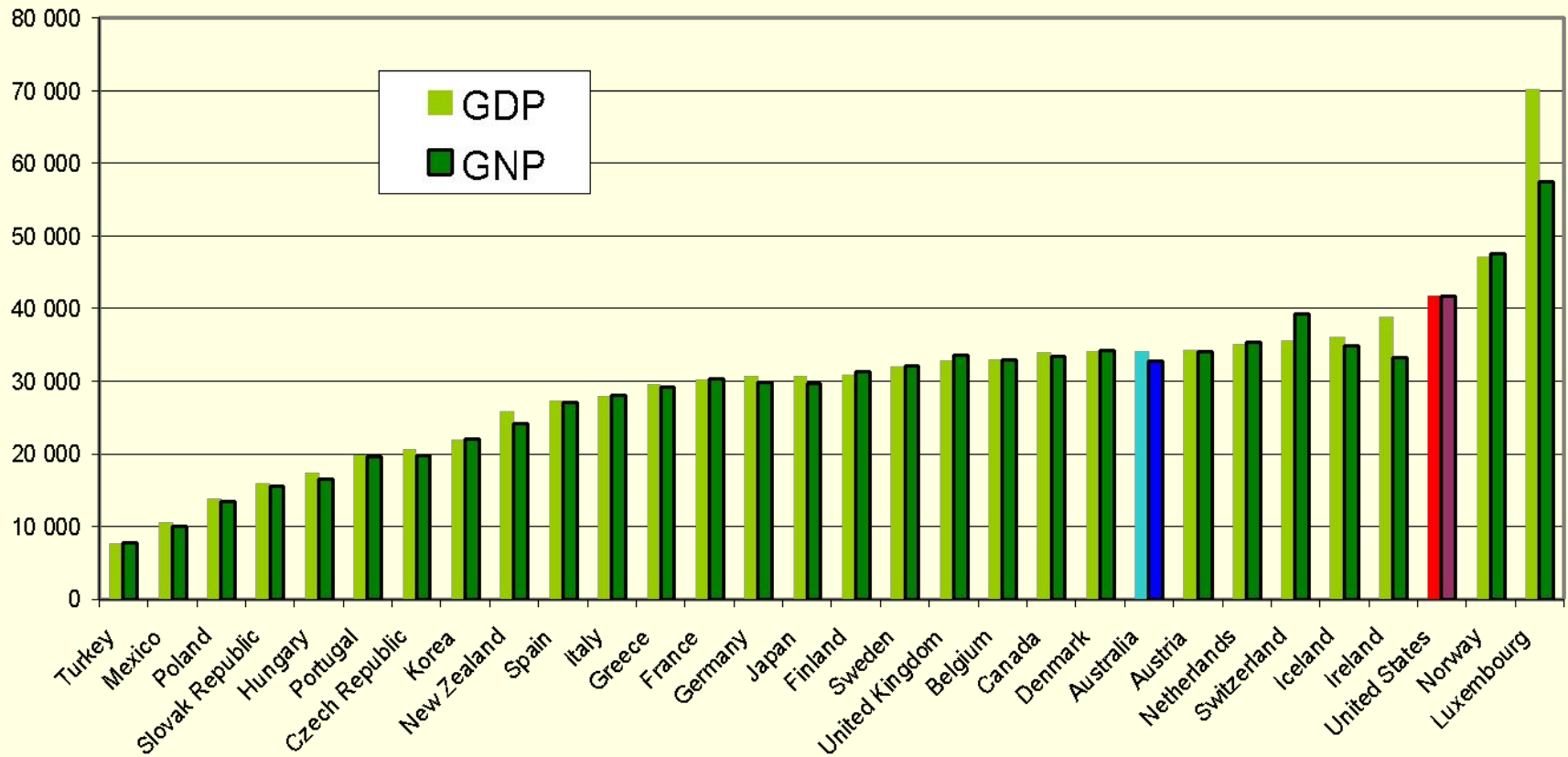


Earth's Satellite Picture at Night



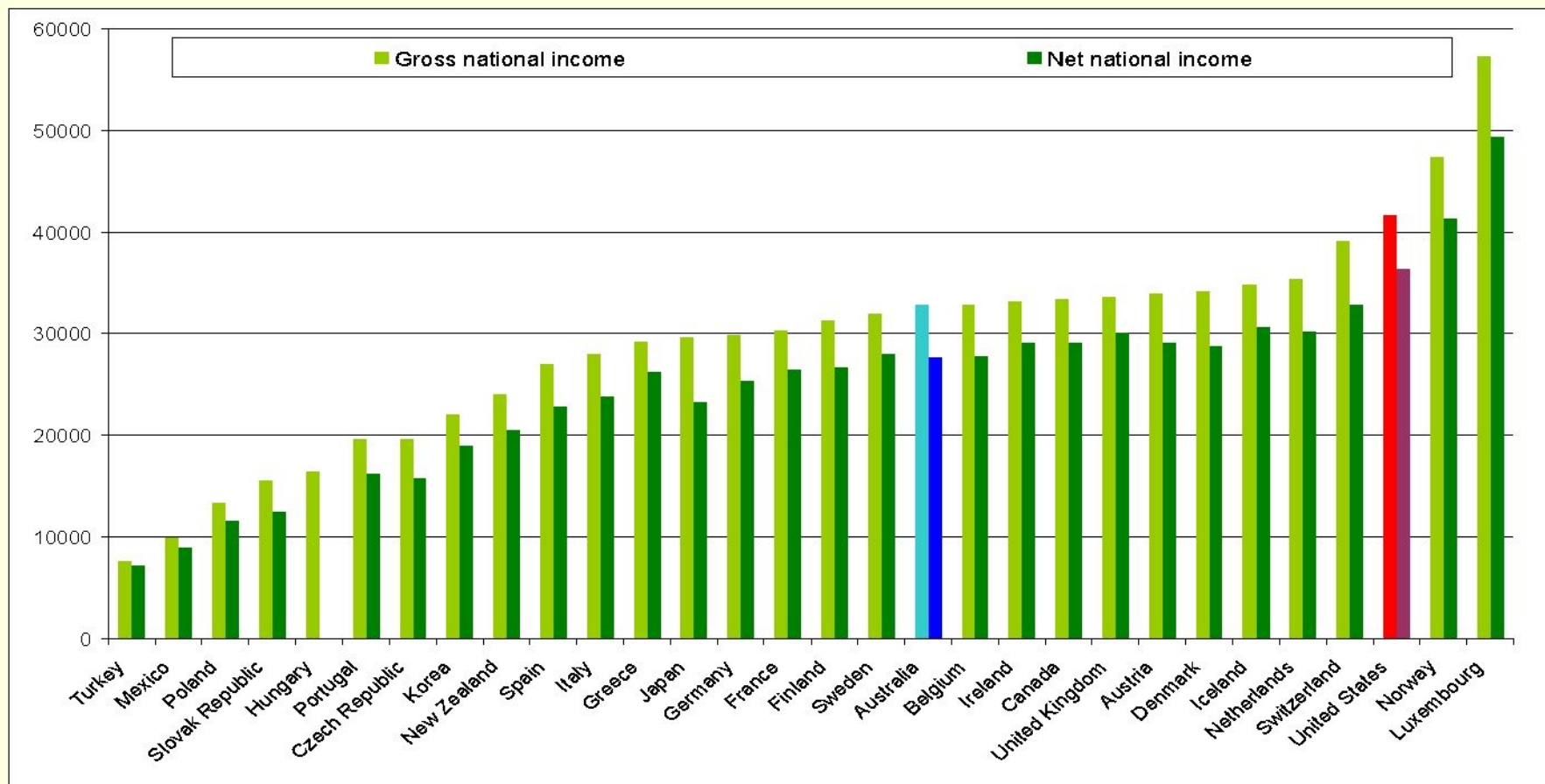
Per Capita GDP and GNP, (U.S. dollars, PPP)

- Australia 34,200 (GDP) 32,900 (GNP)
- U.S. 41,800 (GDP) 41,700 (GNP)

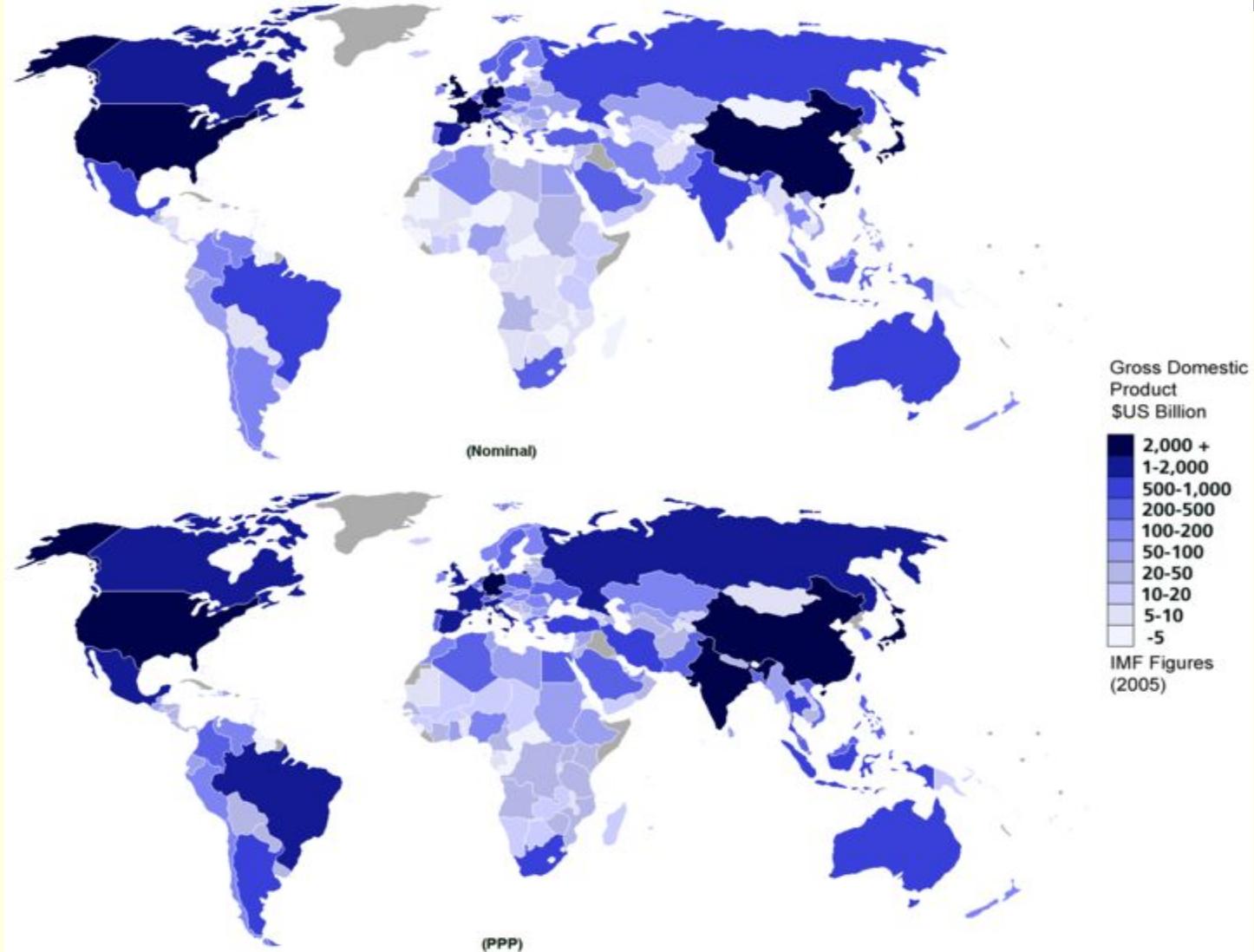


Per Capita GNI and NNI, 2005 (U.S. dollars, PPP)

- Australia 32,900 (GNI) 27,700 (NNI)
- U.S. 41,700 (GNI) 36,400 (NNI)



Nominal GDP vs. PPP GNP

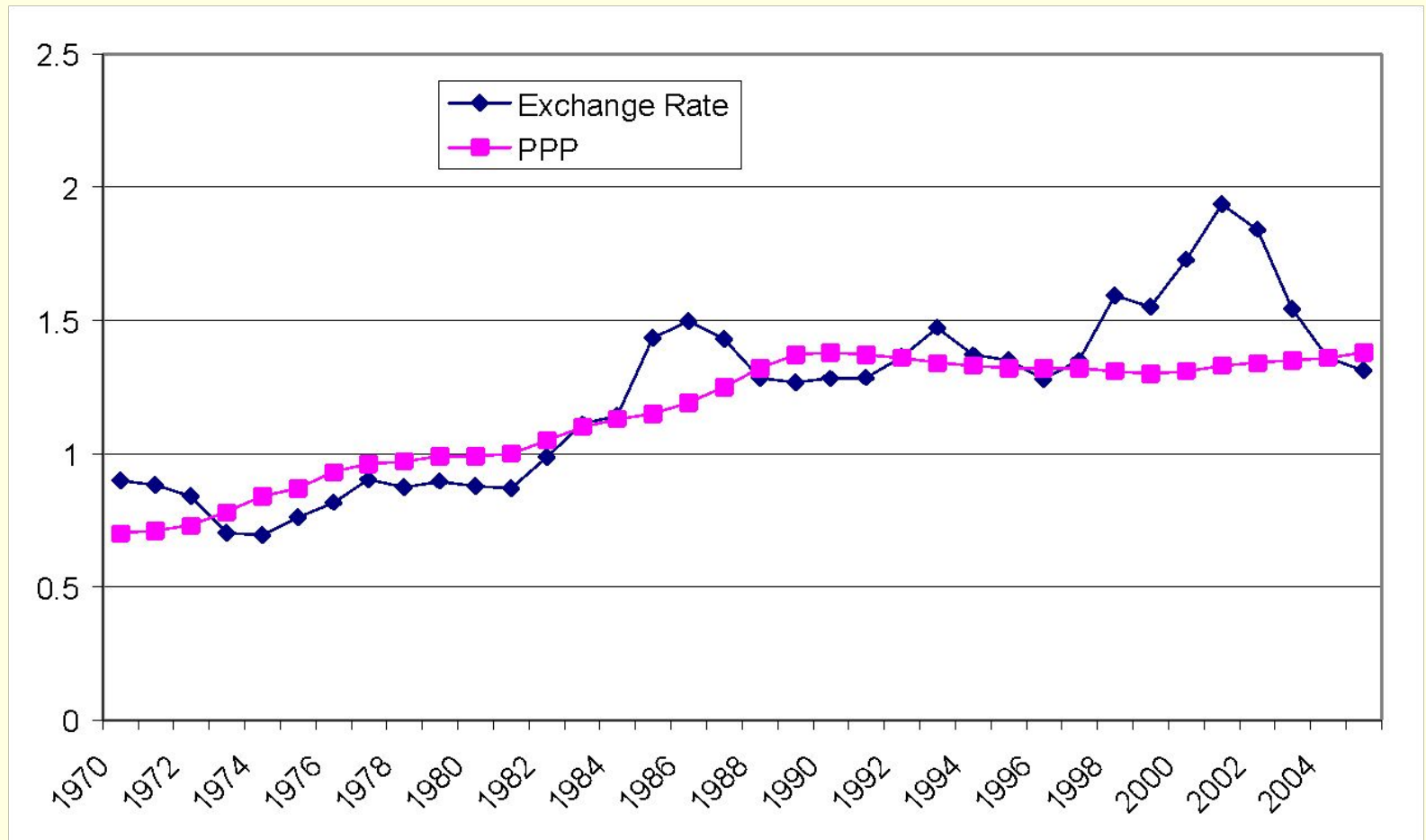


Australian Dollar (AUD, A\$, AU\$)

- Currency of the Commonwealth of Australia
 - Includes Australia, Christmas Island, Cocos (Keeling) Islands, and Norfolk Island, as well as the independent Pacific Island states of Kiribati, Nauru and Tuvalu.
- Introduced in 1966
 - Not only replacing the Australian pound (distinct from the pound sterling since 1929) but also introducing a decimal system.
- Sixth-most-traded currency in world foreign exchange markets (behind U.S. dollar, euro, yen, pound sterling, and swiss franc)
 - AUD accounts for 4–5% of worldwide foreign exchange transactions.

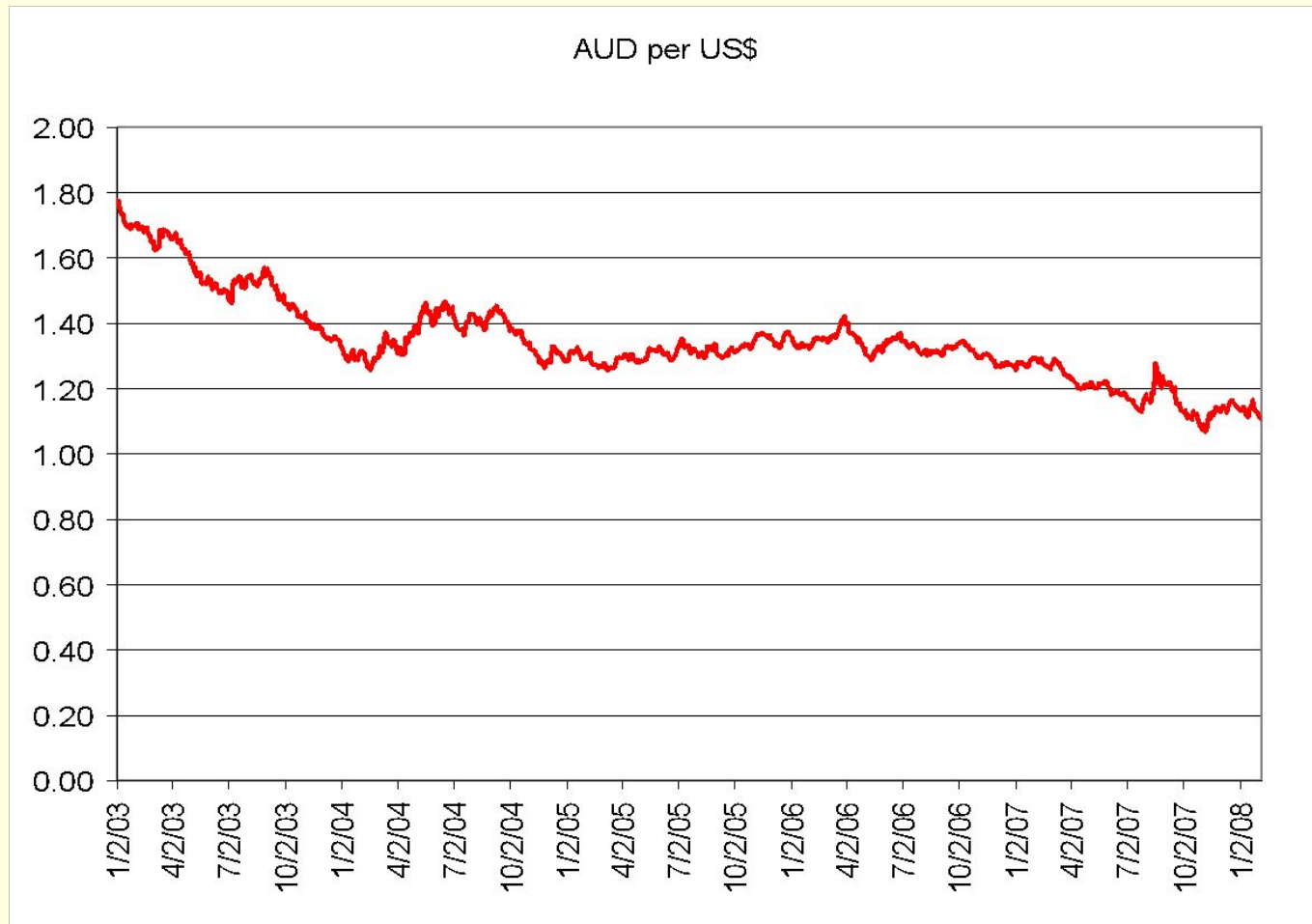
Monetary Conversion Rates

- AUD per U.S. dollar



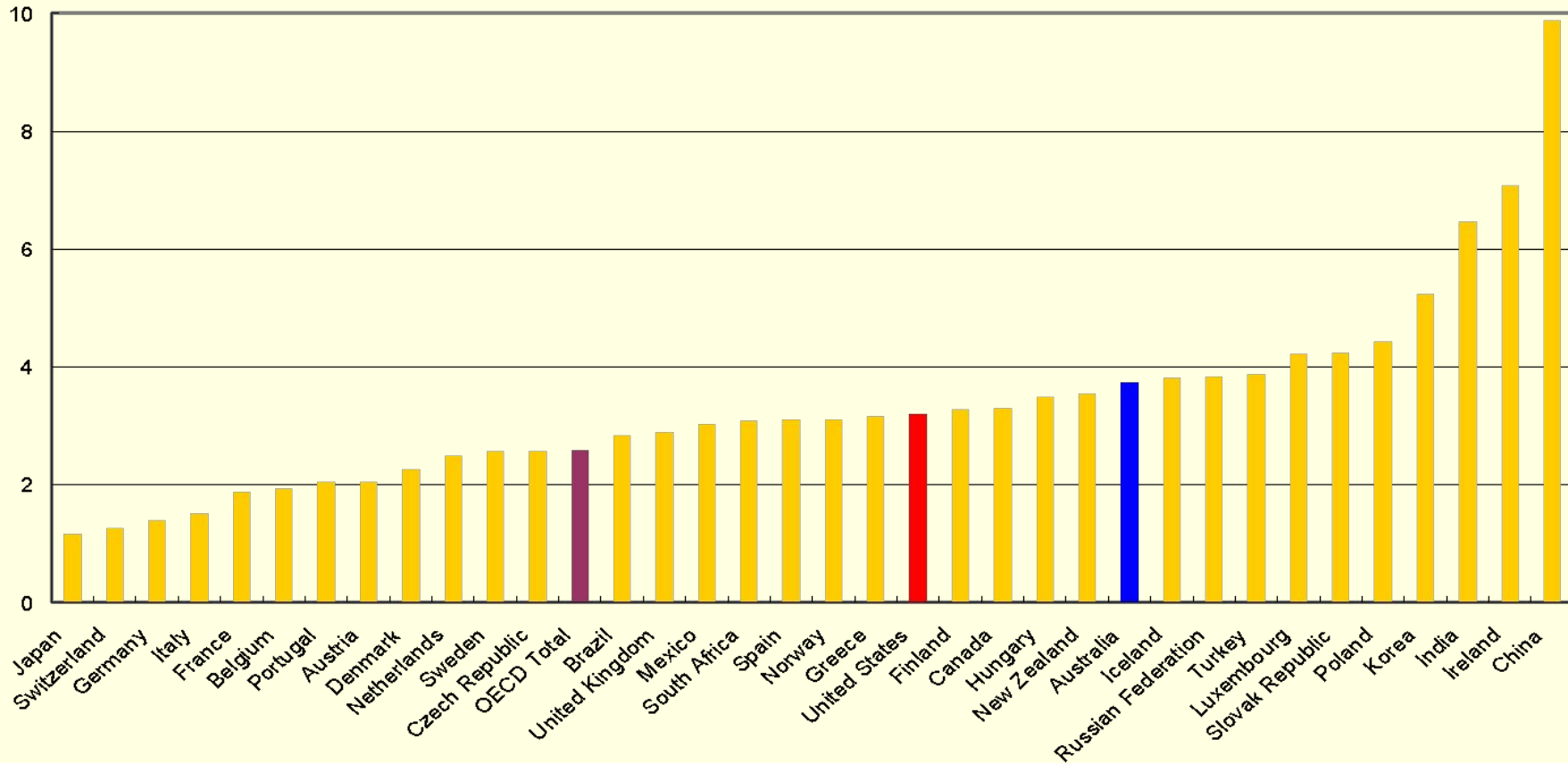
Exchange Rate

- AUD per U.S. dollar



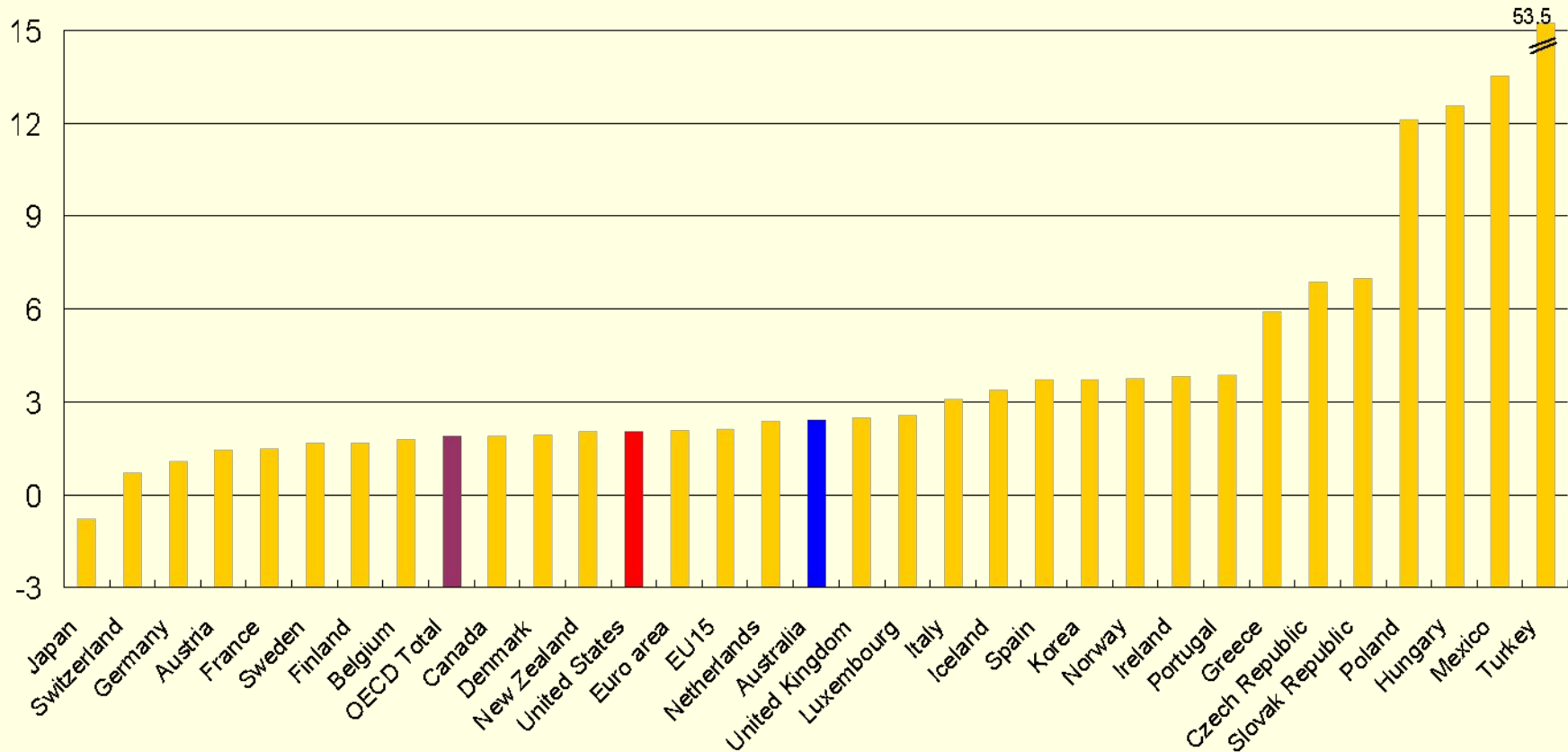
Real Annual GDP Growth,

- Australia 3.8%
- U.S. 3.2%



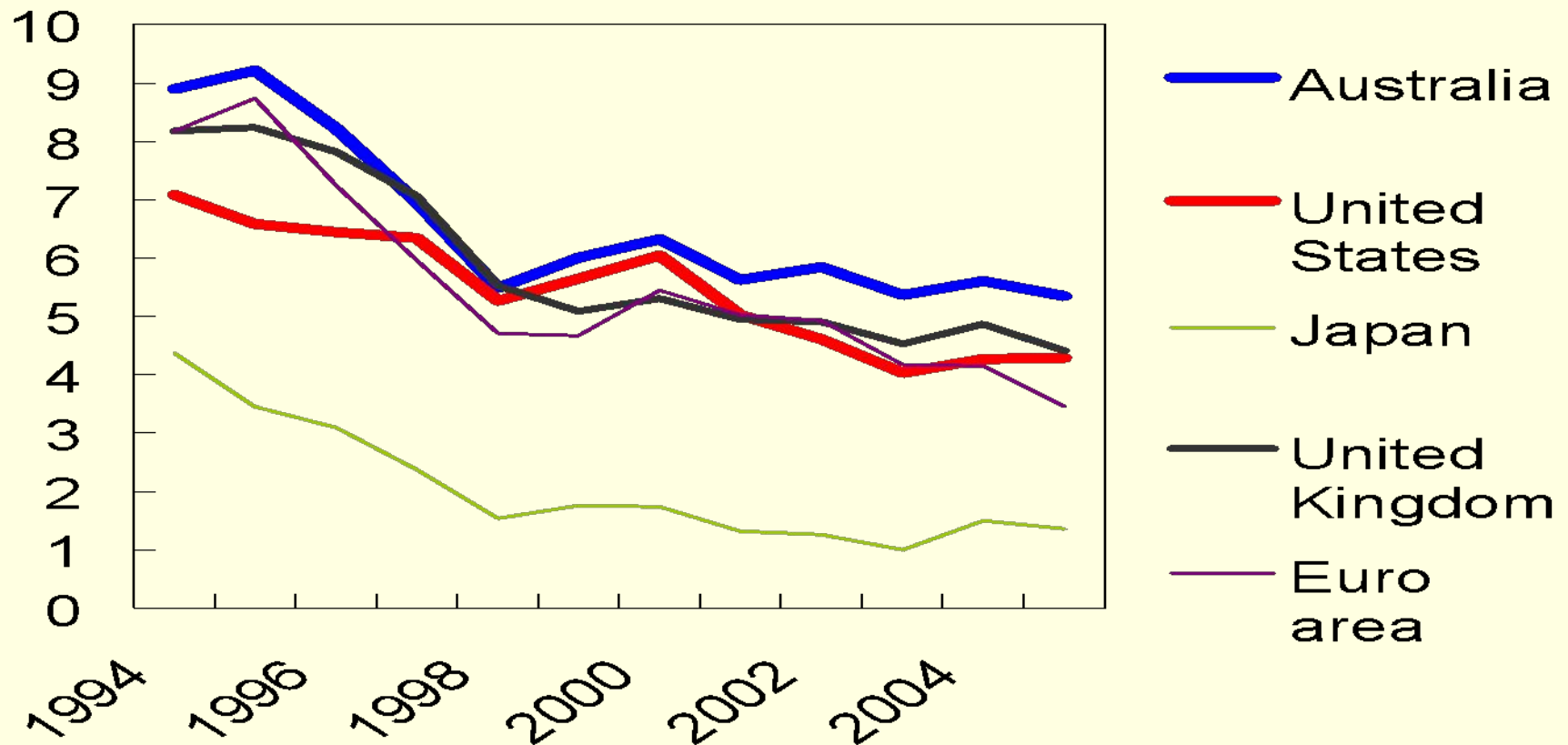
Annual Inflation (GDP Deflator), 1992-2005

- Australia 2.4%
- U.S. 2.1%



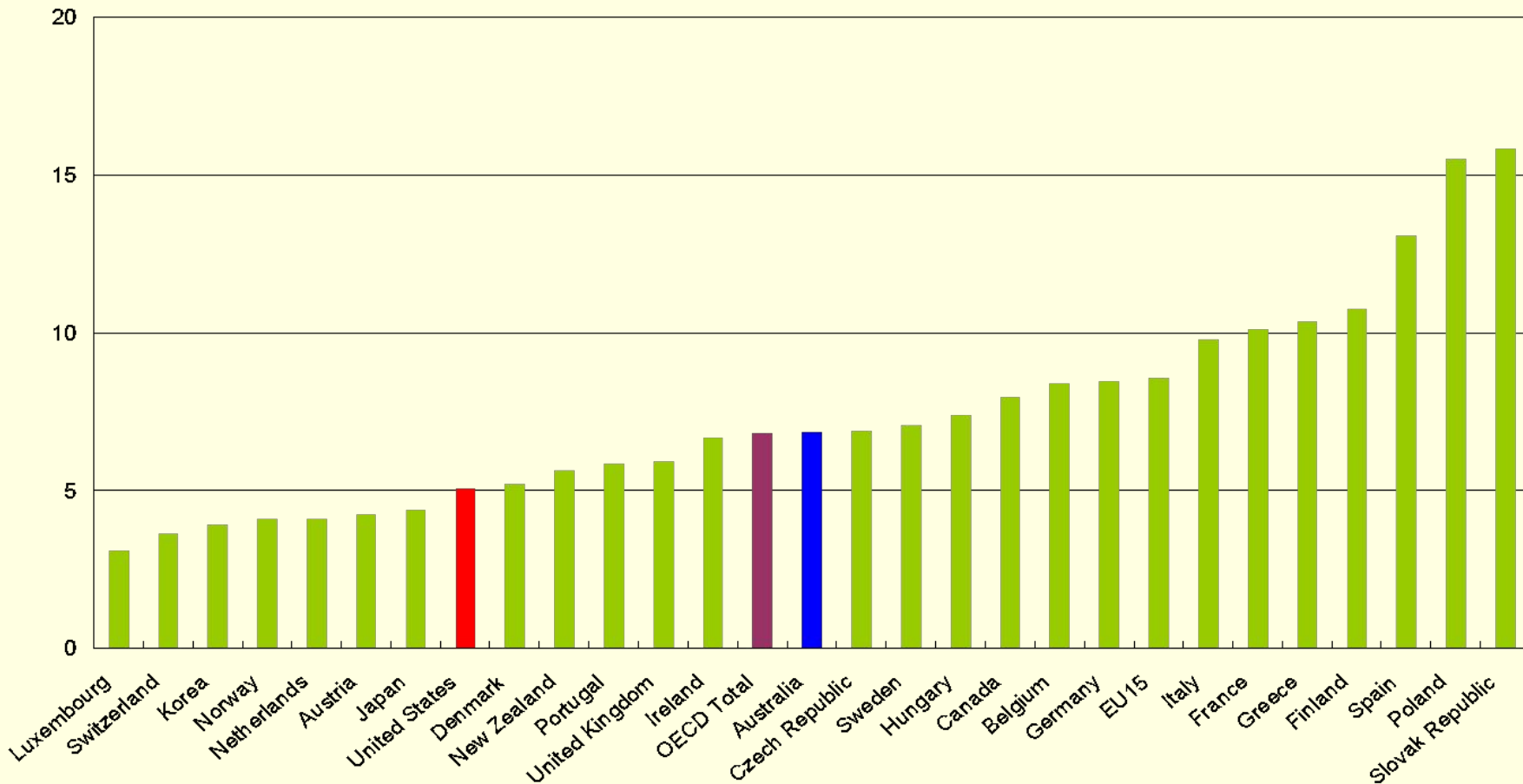
Long-Term Interest Rates,

- Australia 6.6%
- U.S. 5.5%



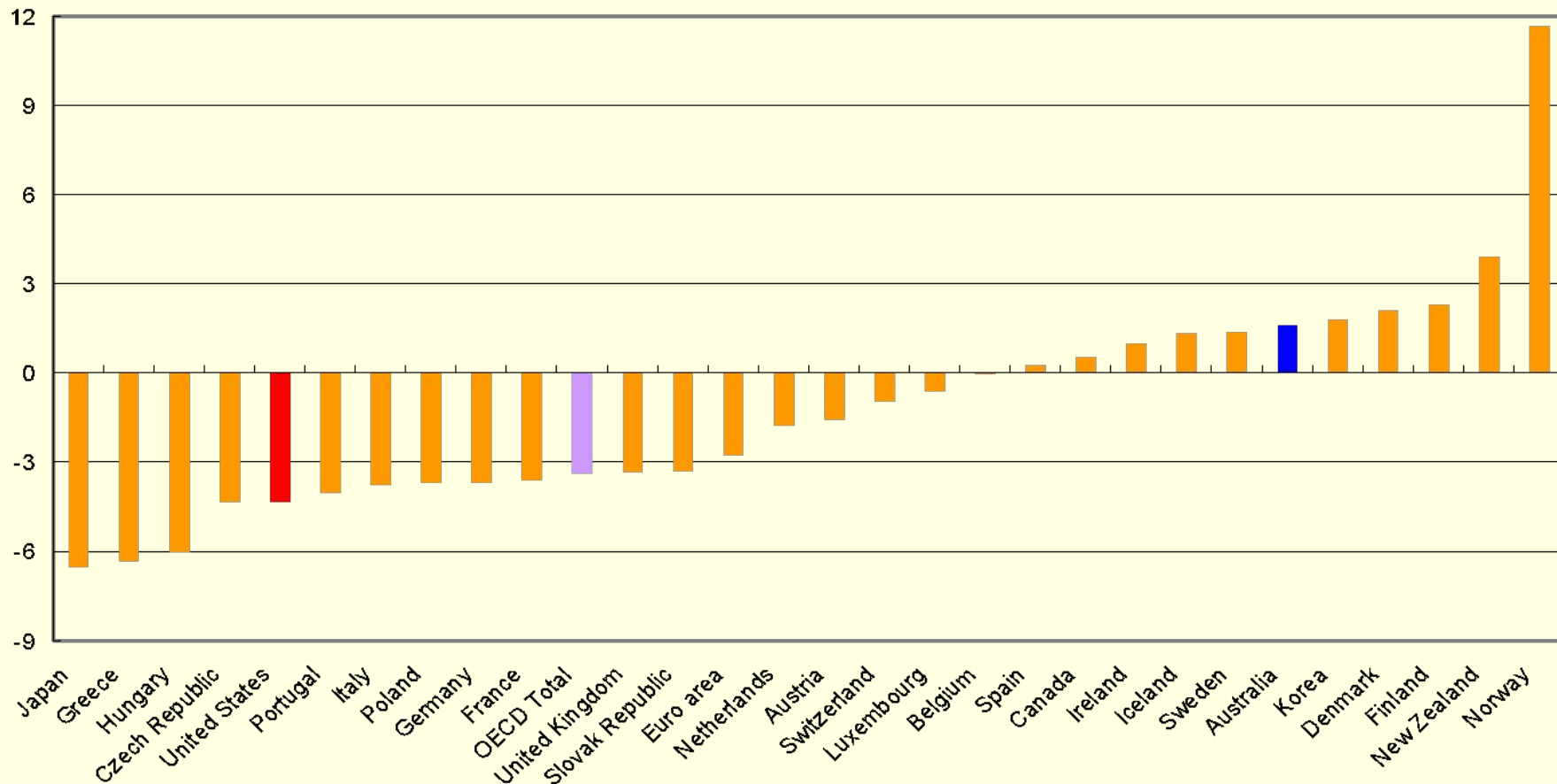
Unemployment Rates,

- Australia 6.9%
- U.S. 5.1%



Government Net Borrowing-Lending as % of GDP,

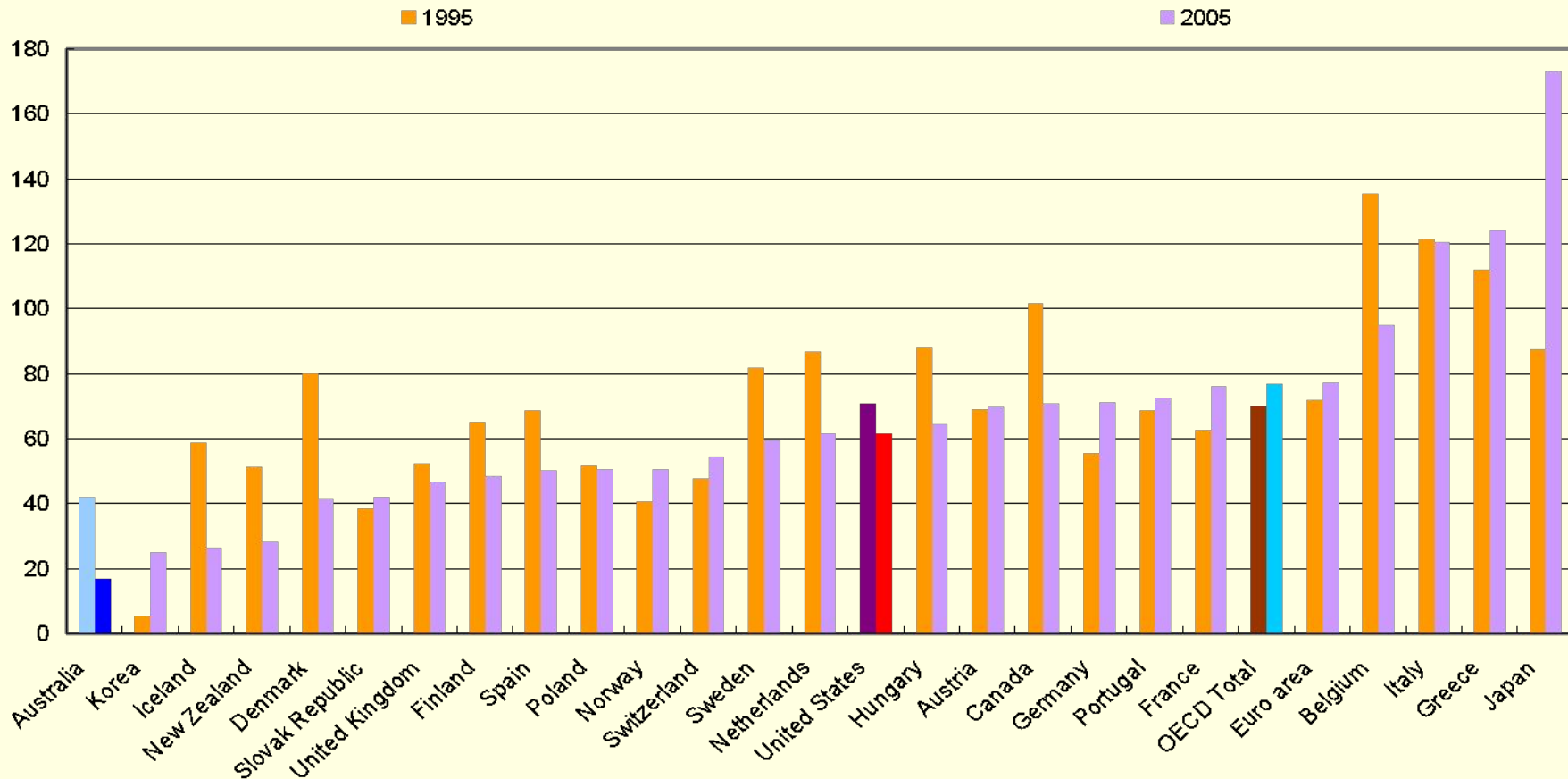
- Australia 1.6%
- U.S. -4.4%



Government Debt as % of GDP

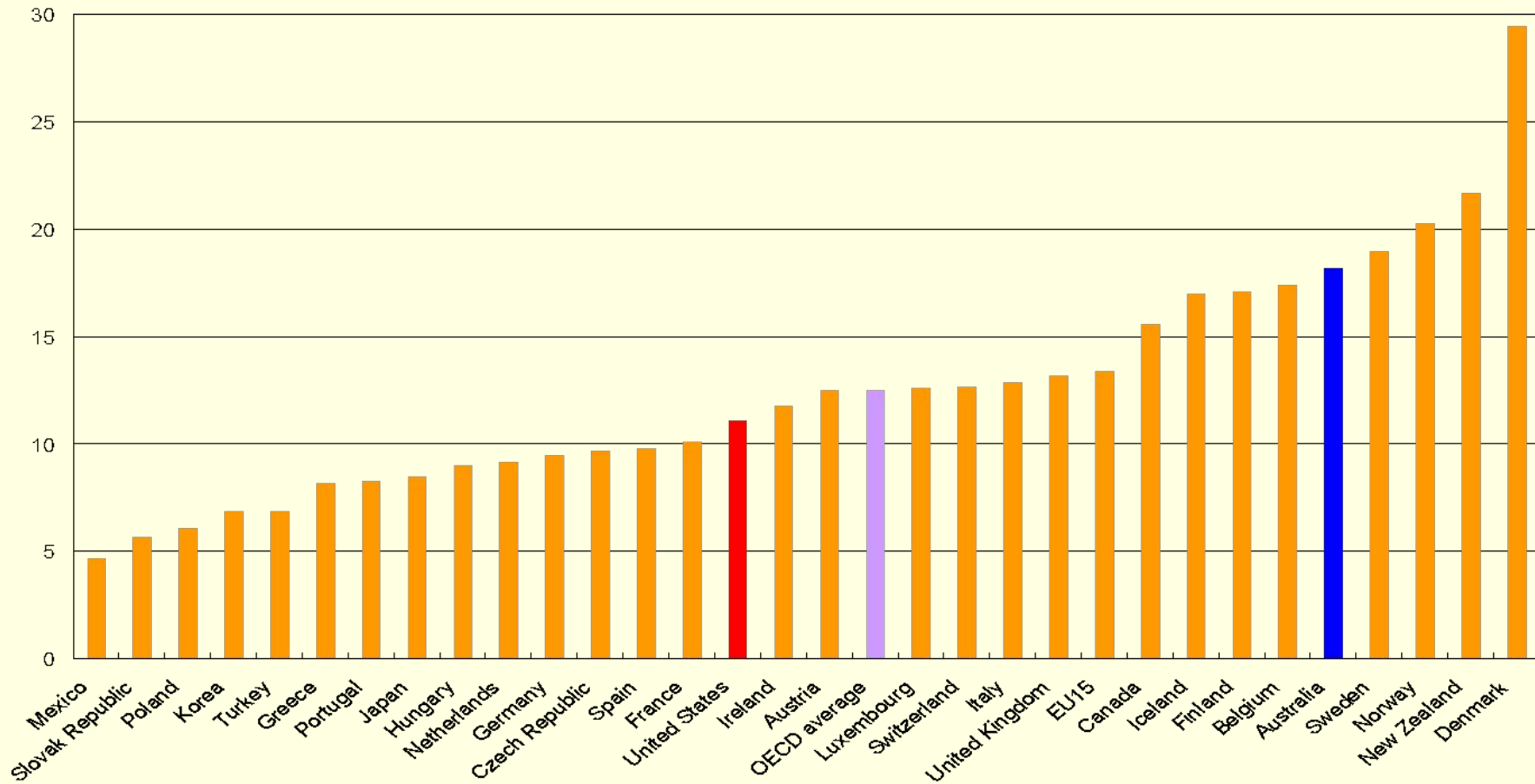
■ Australia 1.6%

■ U.S. -4.4%



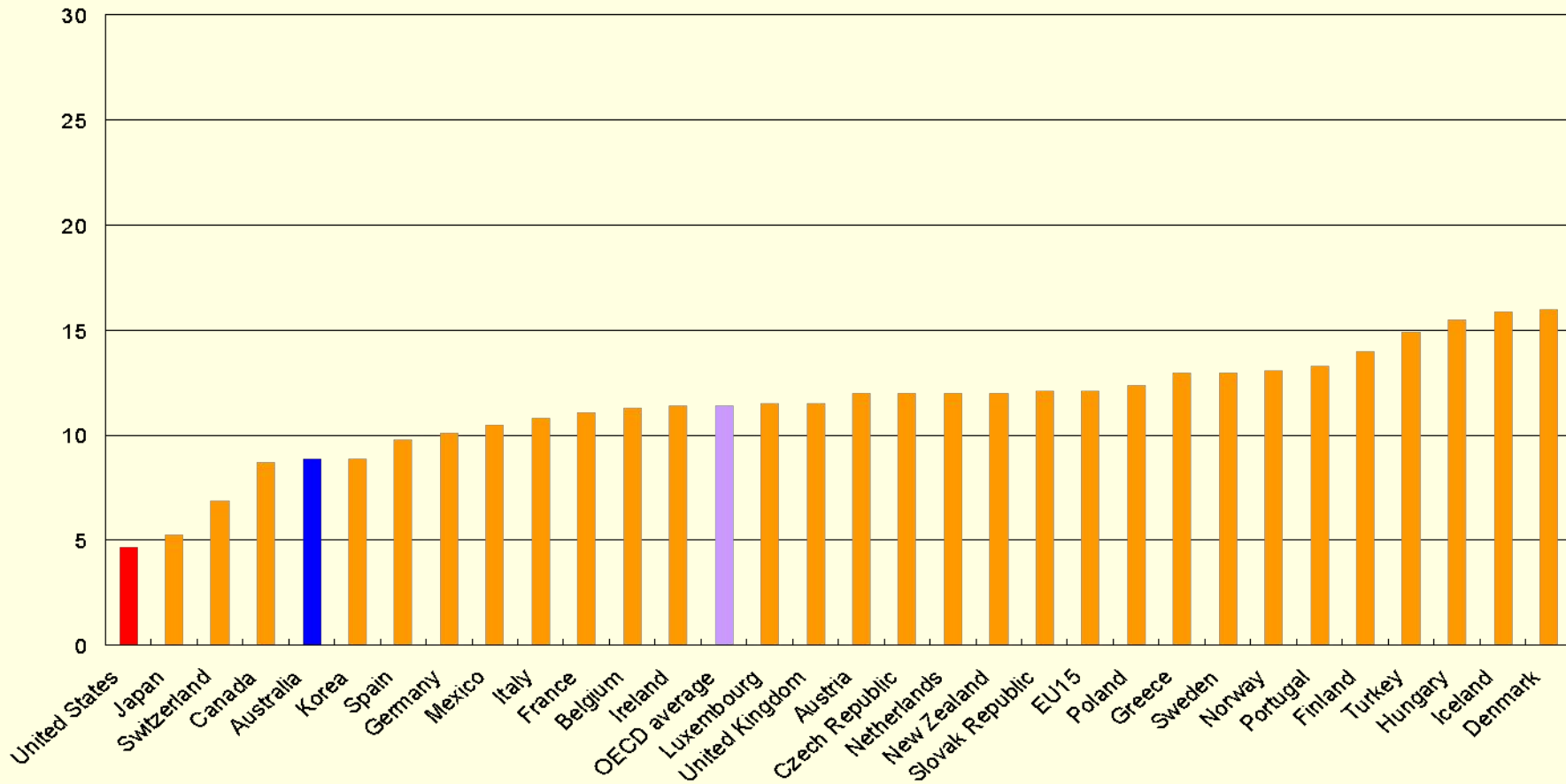
Taxes on Income and Profits as % of GDP,

- Australia 18.2%
- U.S. 11.1%



Taxes on Goods and Services as % of GDP,

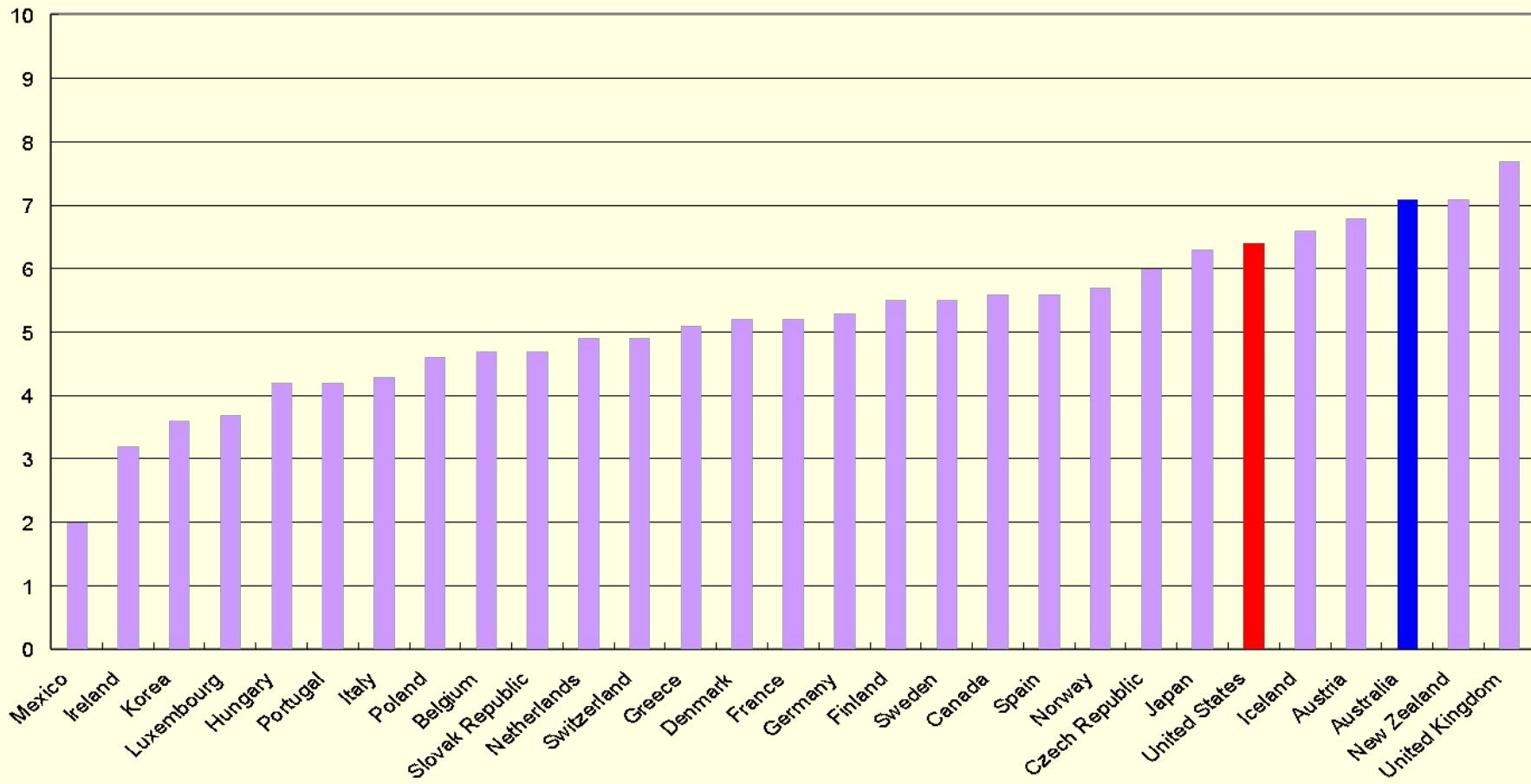
- Australia 8.9%
- U.S. 4.7%



Household Expenditures in Recreation and Culture as % of GDP,

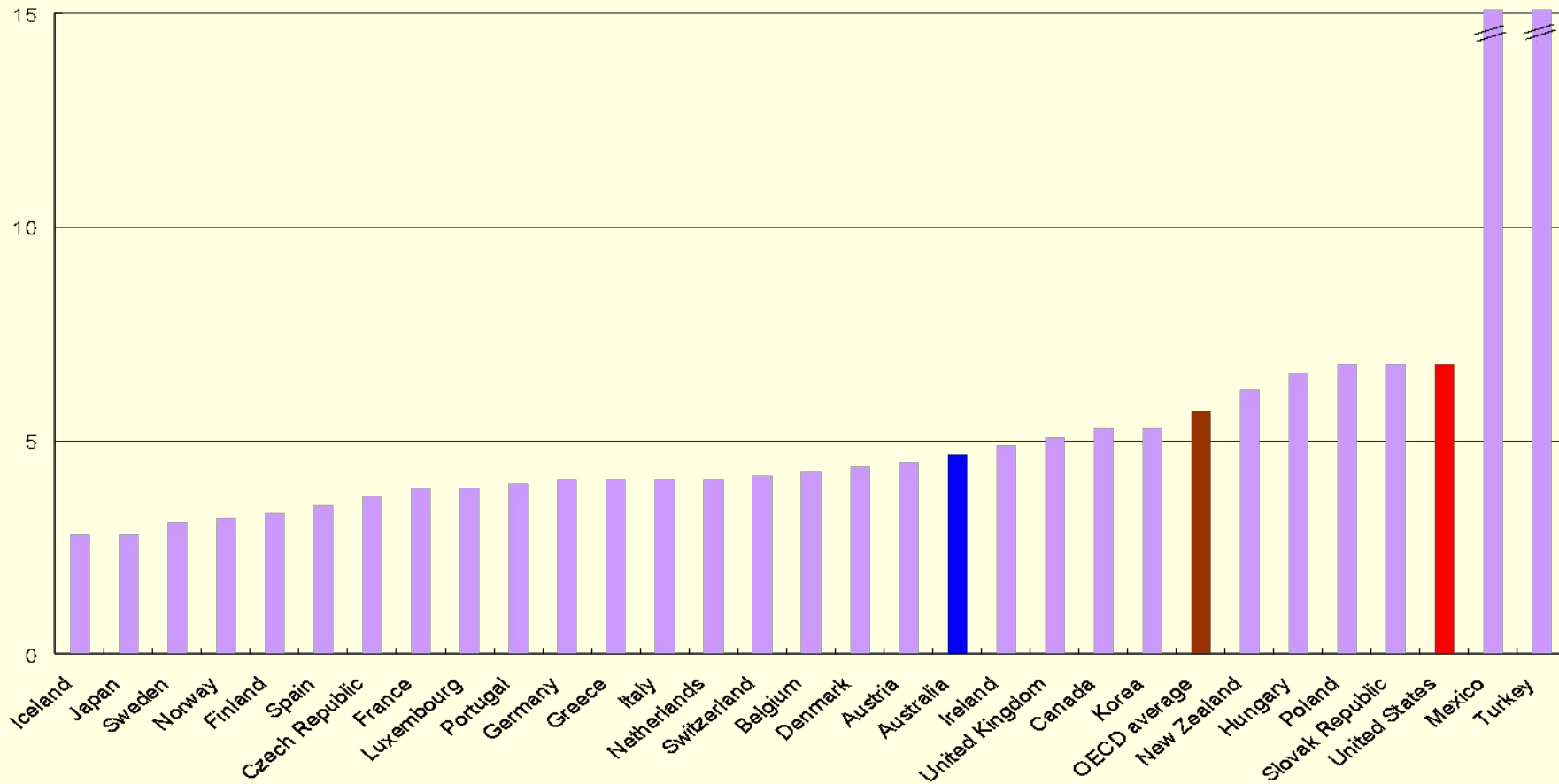
■ Australia 7.1%

■ U.S. 6.4%



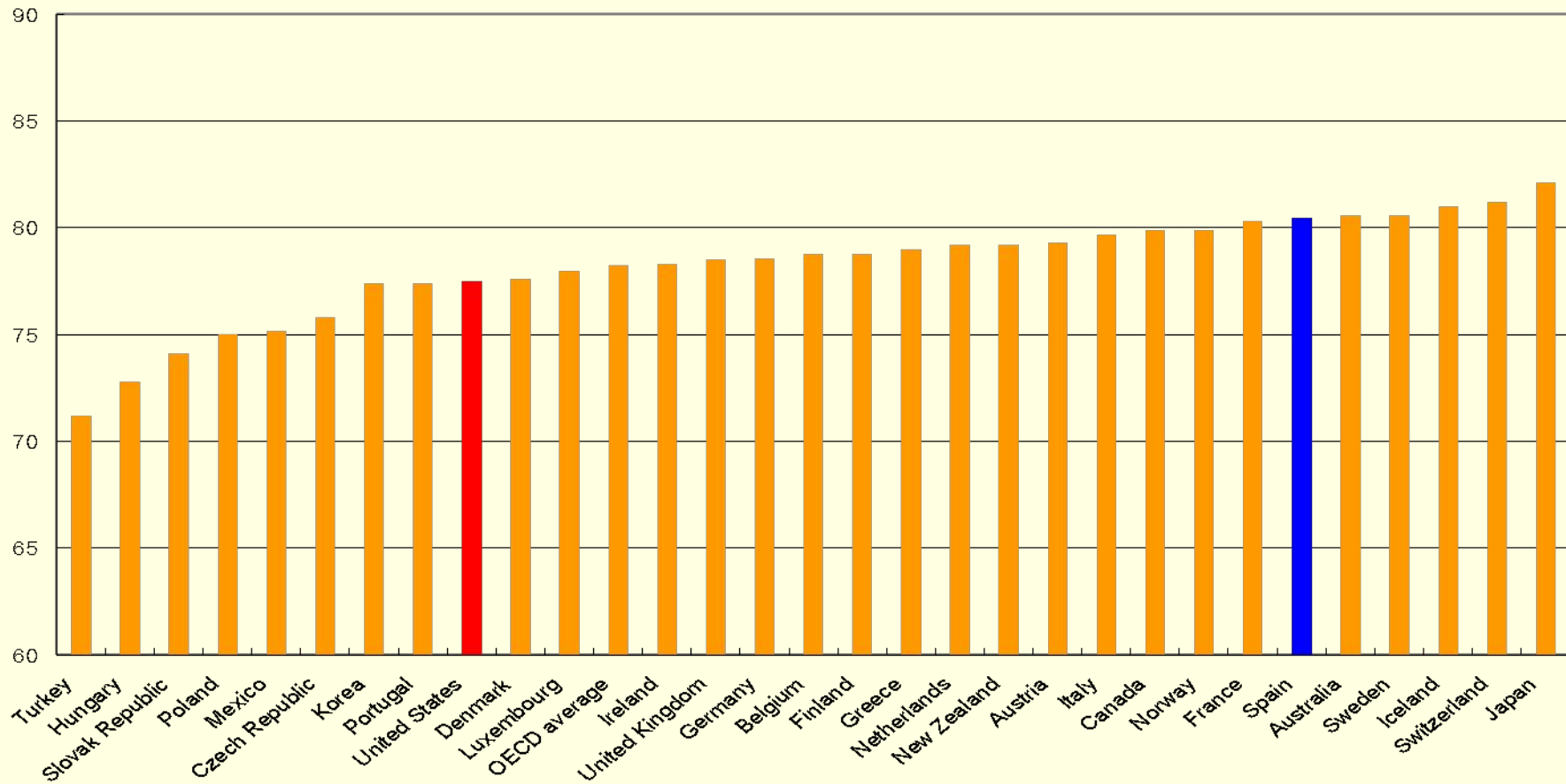
Infant Mortality,

- Australia 4.7 deaths per 1000 live births
- U.S. 6.8 deaths per 1000 live births



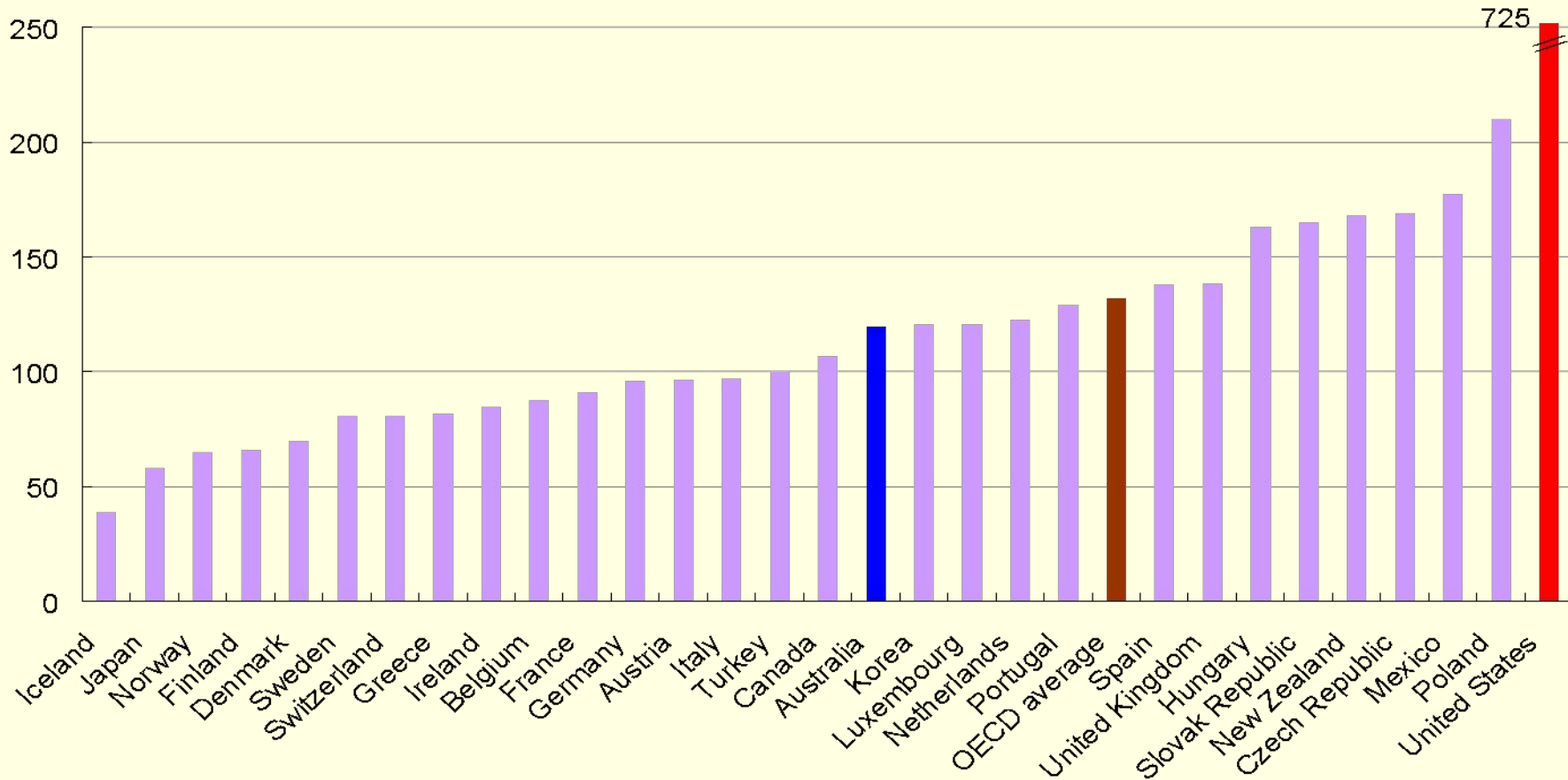
Life Expectancy at Birth, 2004

- Australia 80.6 years
- U.S. 77.5 years



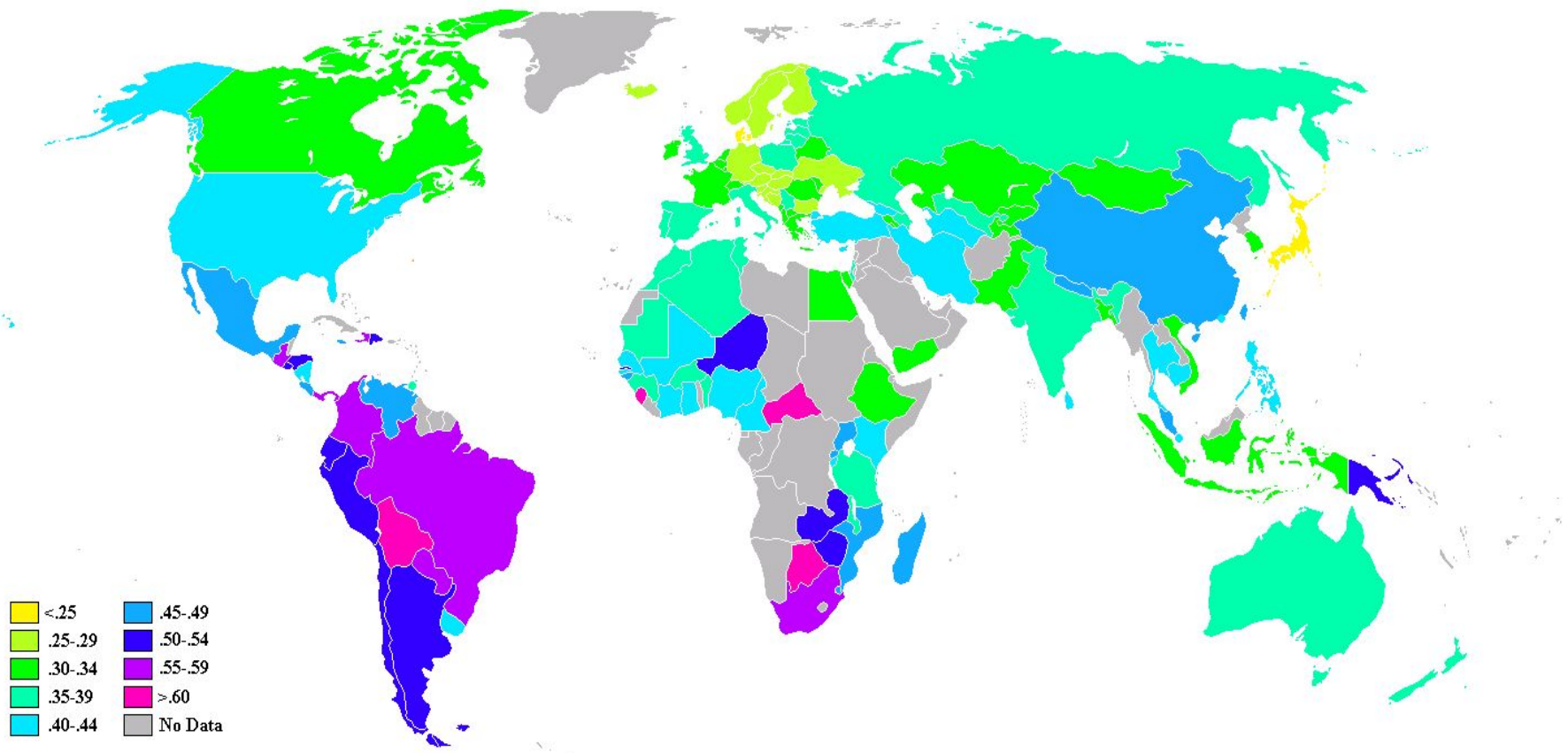
Prison Population Rate,

- Australia 120 per 100,000 people
- U.S. 725 per 100,000 people



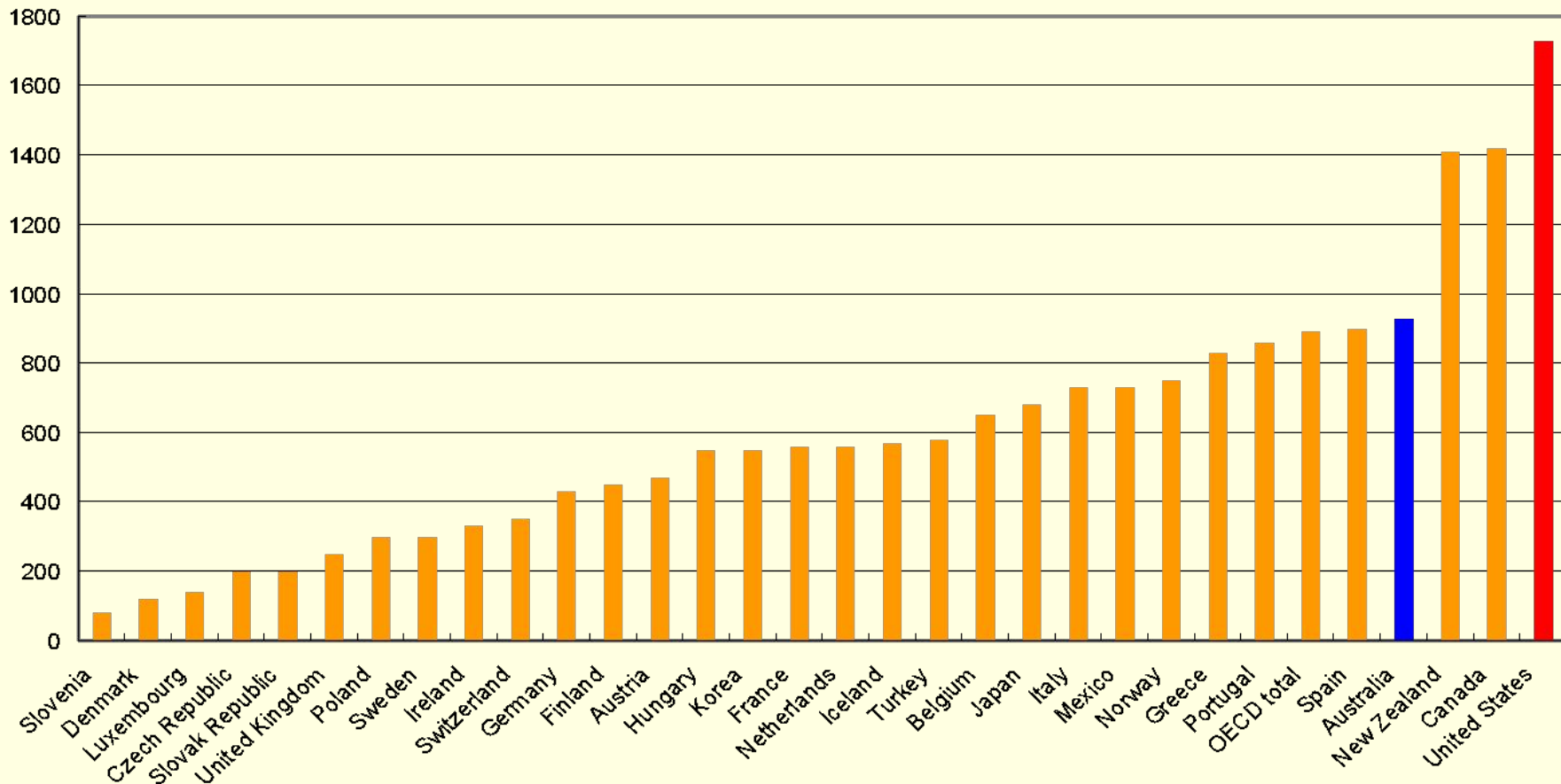
GINI Index (higher income inequality, higher index)

- Australia 35
- U.S. 45



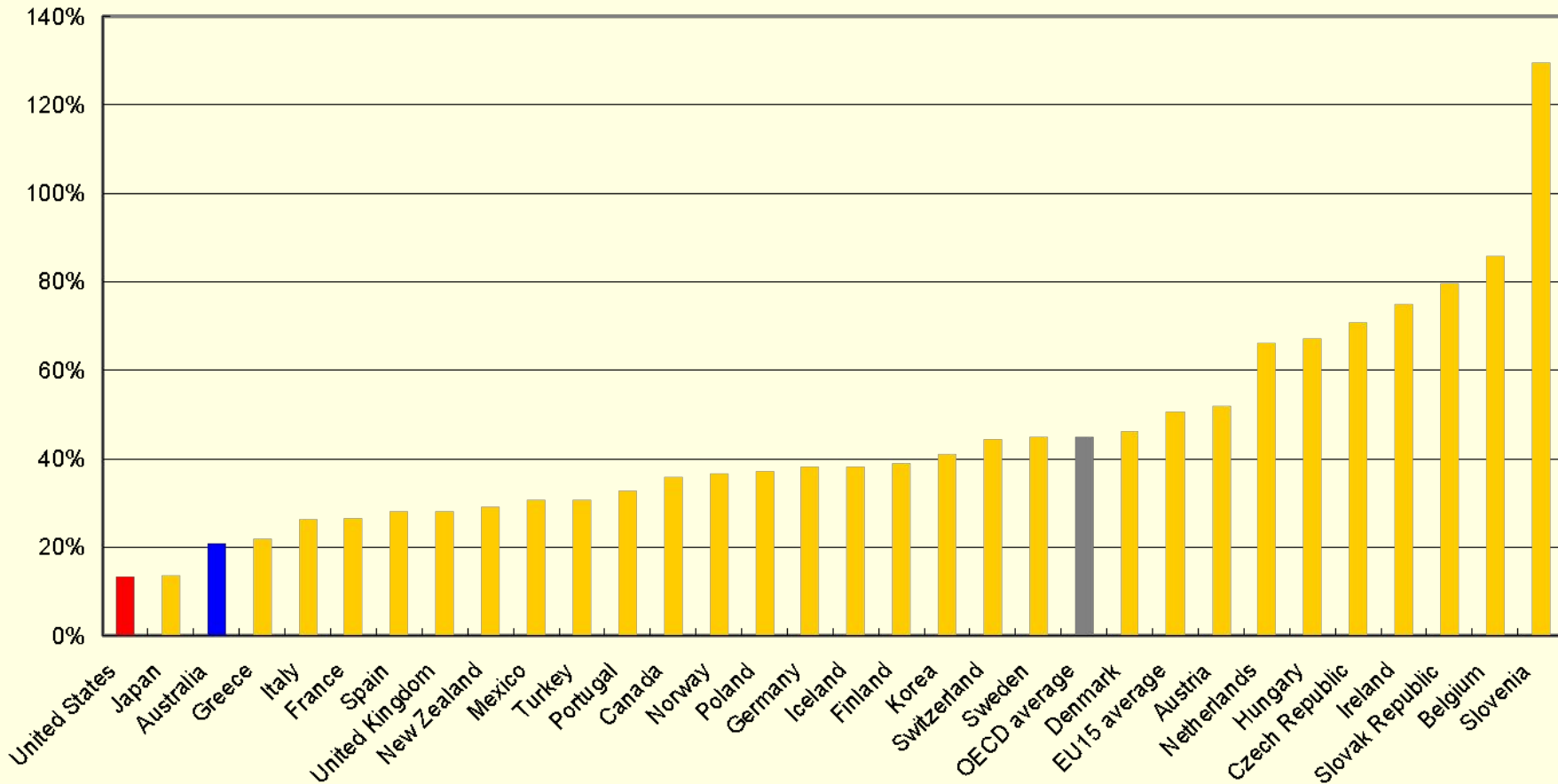
Annual Water Consumption per Capita,

■ Australia 930 m³
■ U.S. 1,739 m³



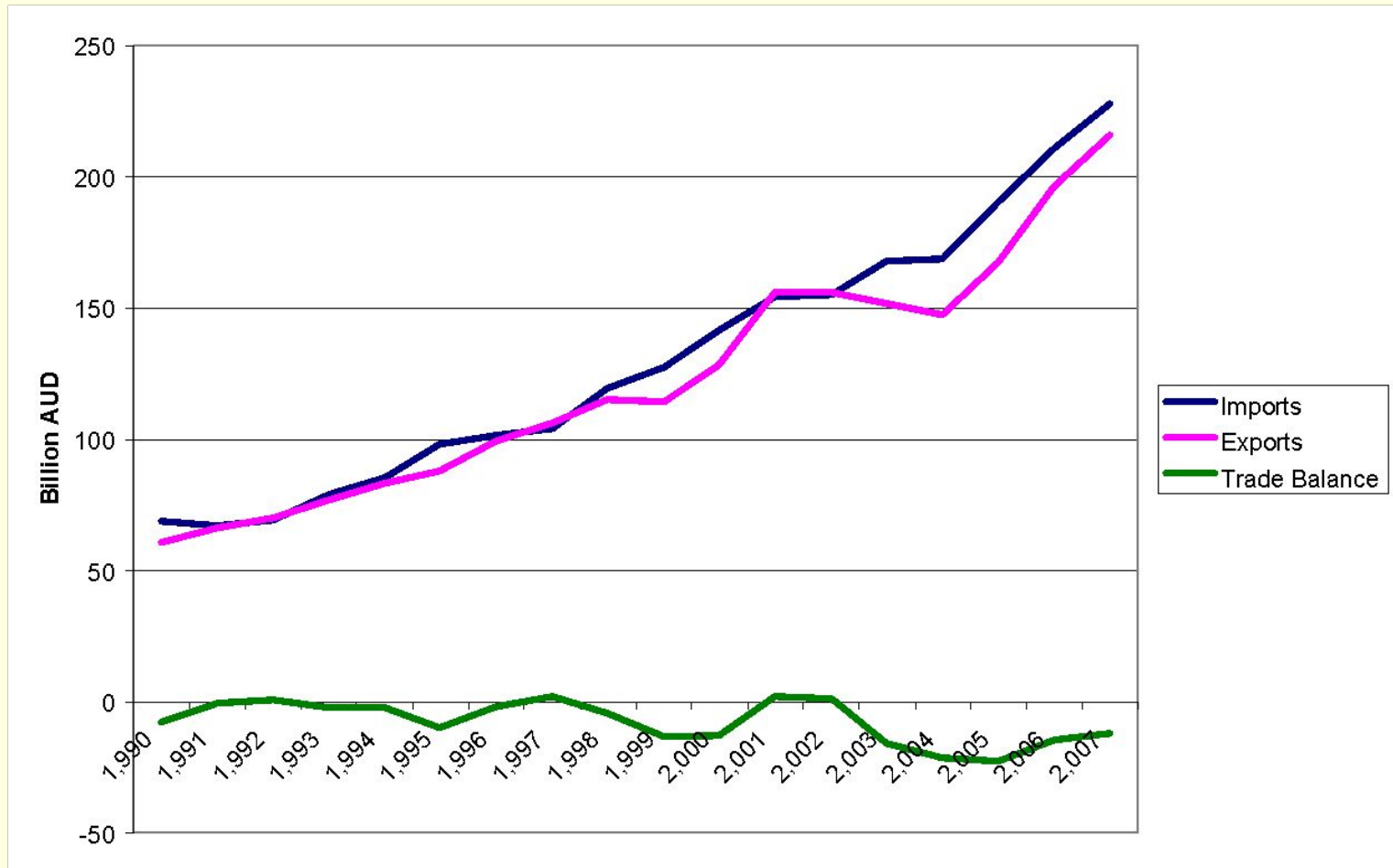
Trade-to-GDP Ratio,

- Australia 21%
- U.S. 13%



AUSTRALIA

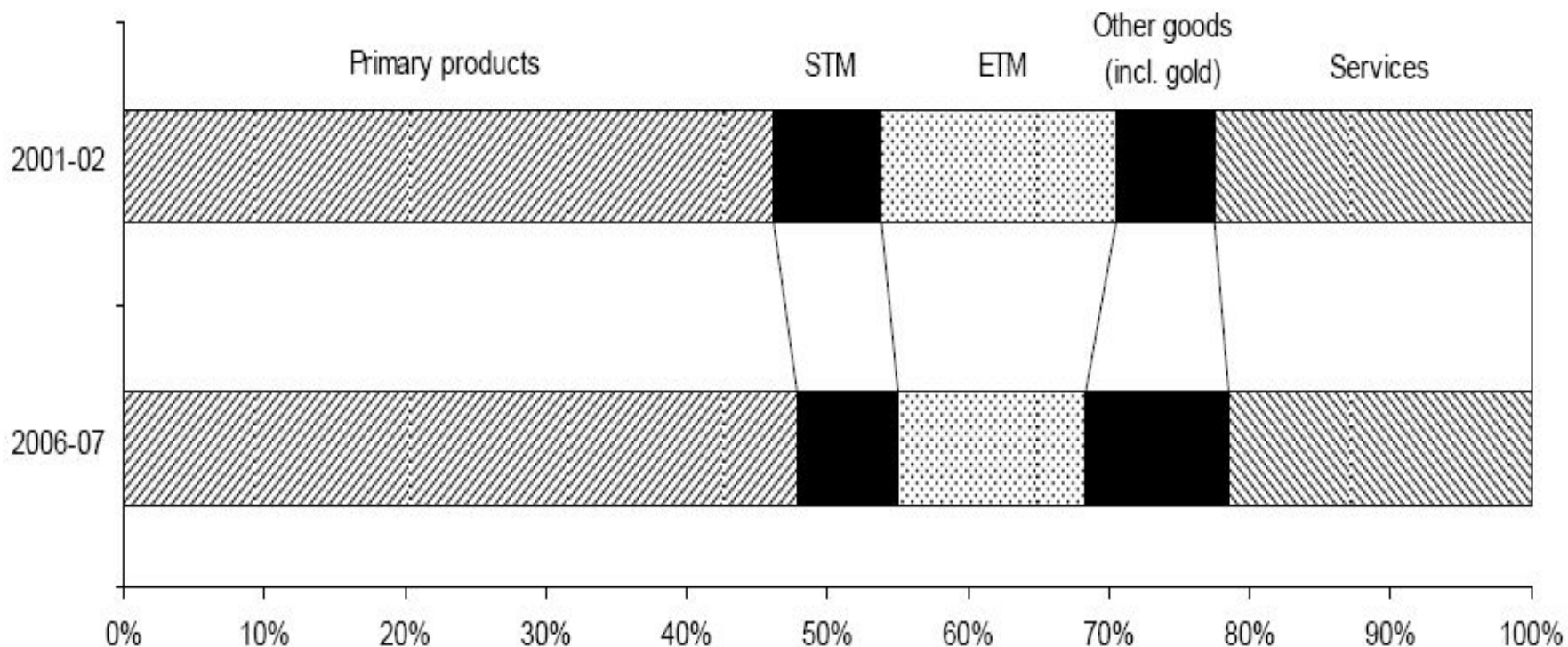
Trade in Goods and Services



AUSTRALIA: Exports

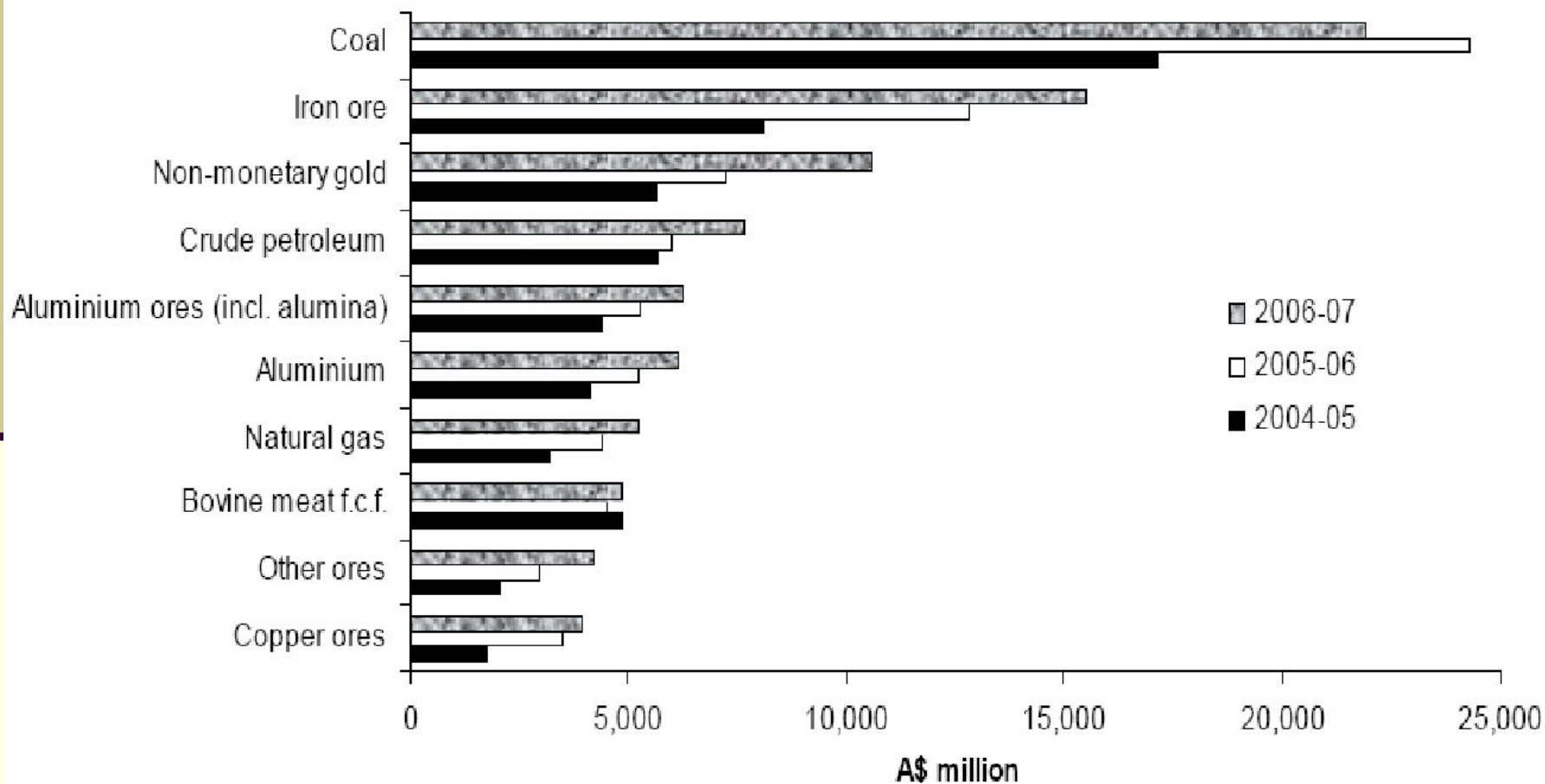
- STM: Simply-transformed manufactures
- ETM: Elaborately-transformed manufactures

Broad composition of exports



AUSTRALIA: Exports

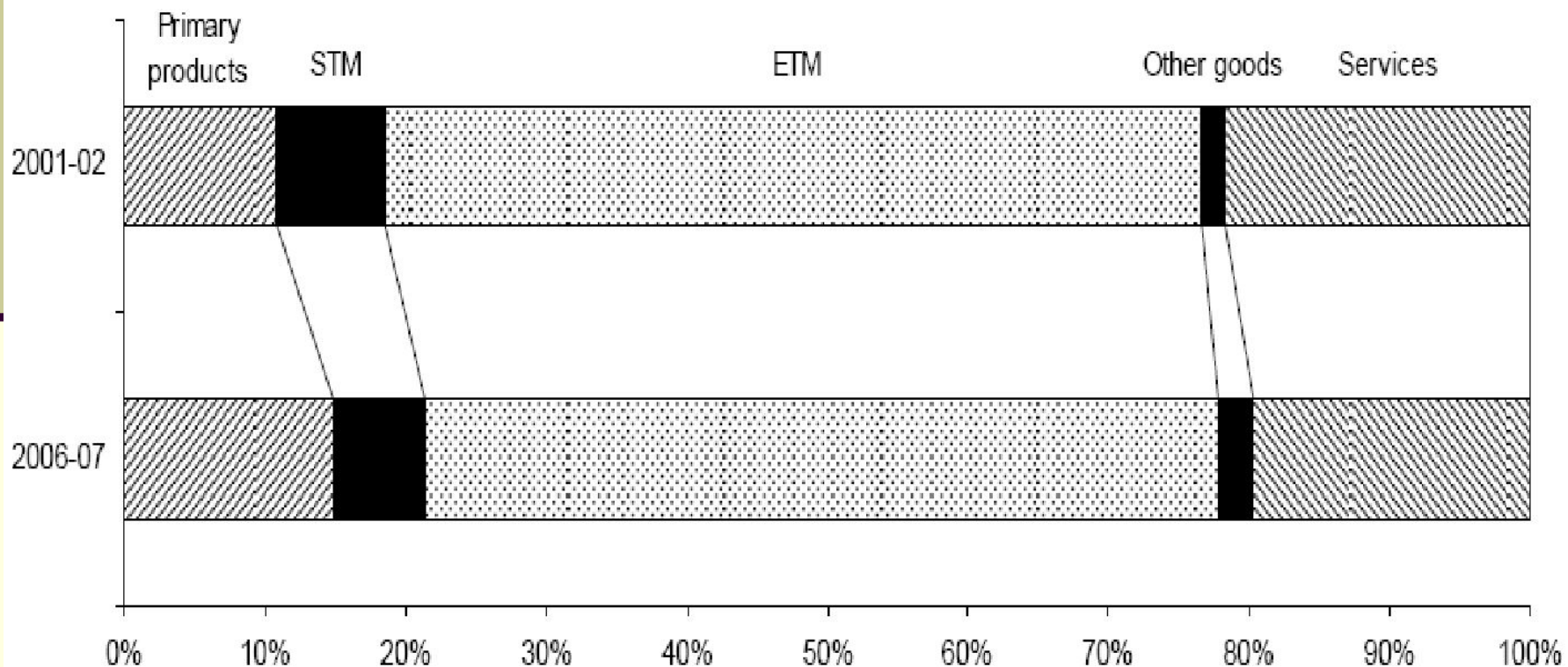
Principal merchandise exports



AUSTRALIA: Imports

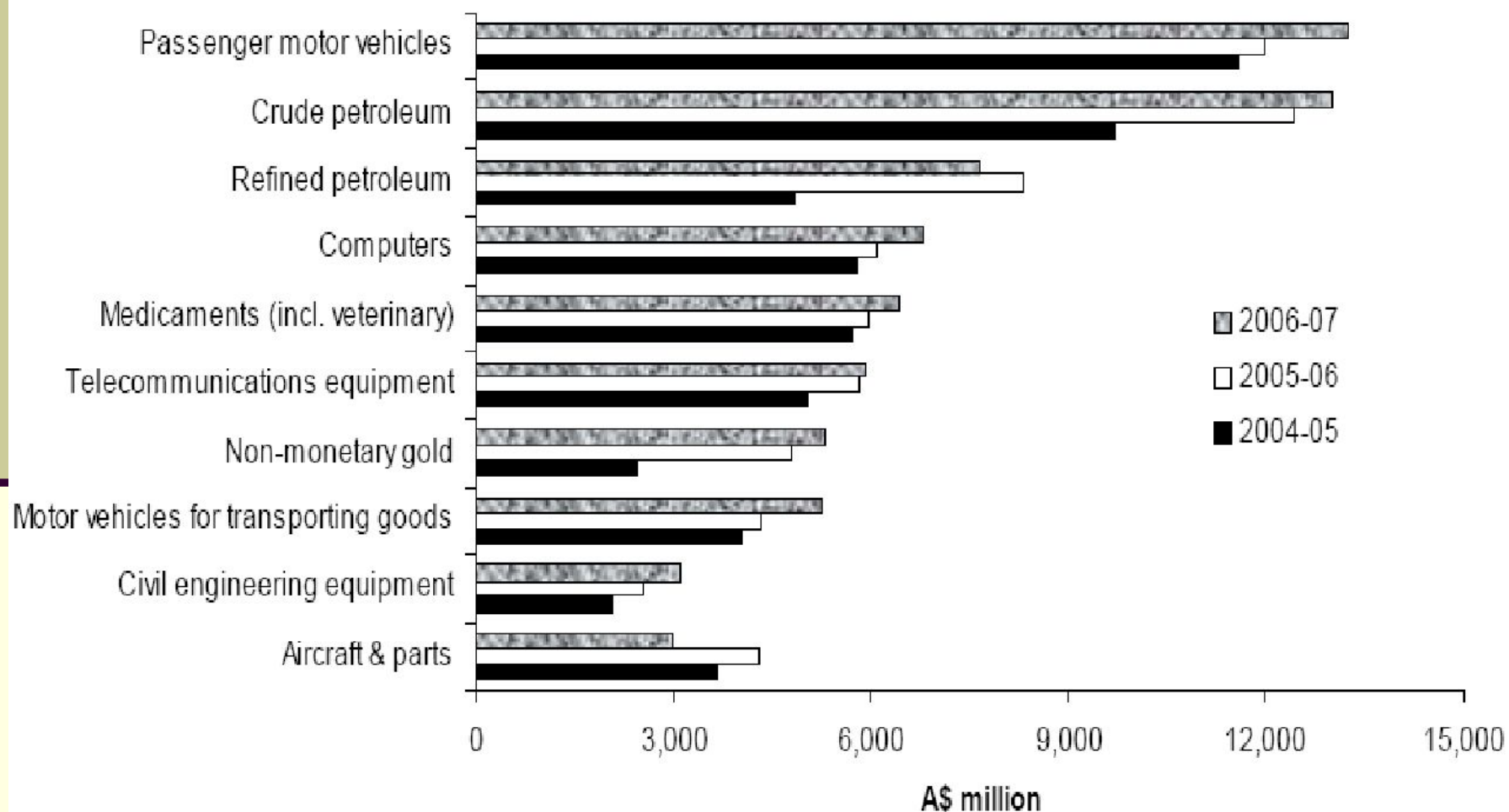
- STM: Simply-transformed manufactures
- ETM: Elaborately-transformed manufactures

Broad composition of imports



AUSTRALIA: Imports

Principal merchandise imports



Destinations of Exports (%)

AUSTRALIA

Japan (20%)

China (12%)

South Korea (8%)

U.S. (6%)

India (6%)

New Zealand (6%)

U.S.

Canada (22%)

Mexico (13%)

Japan (6%)

China (5%)

U.K. (4%)

Germany (4%)

Origins of Imports (%)

AUSTRALIA

China (14%)

U.S. (14%)

Japan (10%)

Singapore (6%)

Germany (5%)

U.S.

Canada (16%)

China (16%)

Mexico (10%)

Japan (8%)

Germany (5%)

Australia: Free Trade Agreements

- **Free Trade Agreements:**

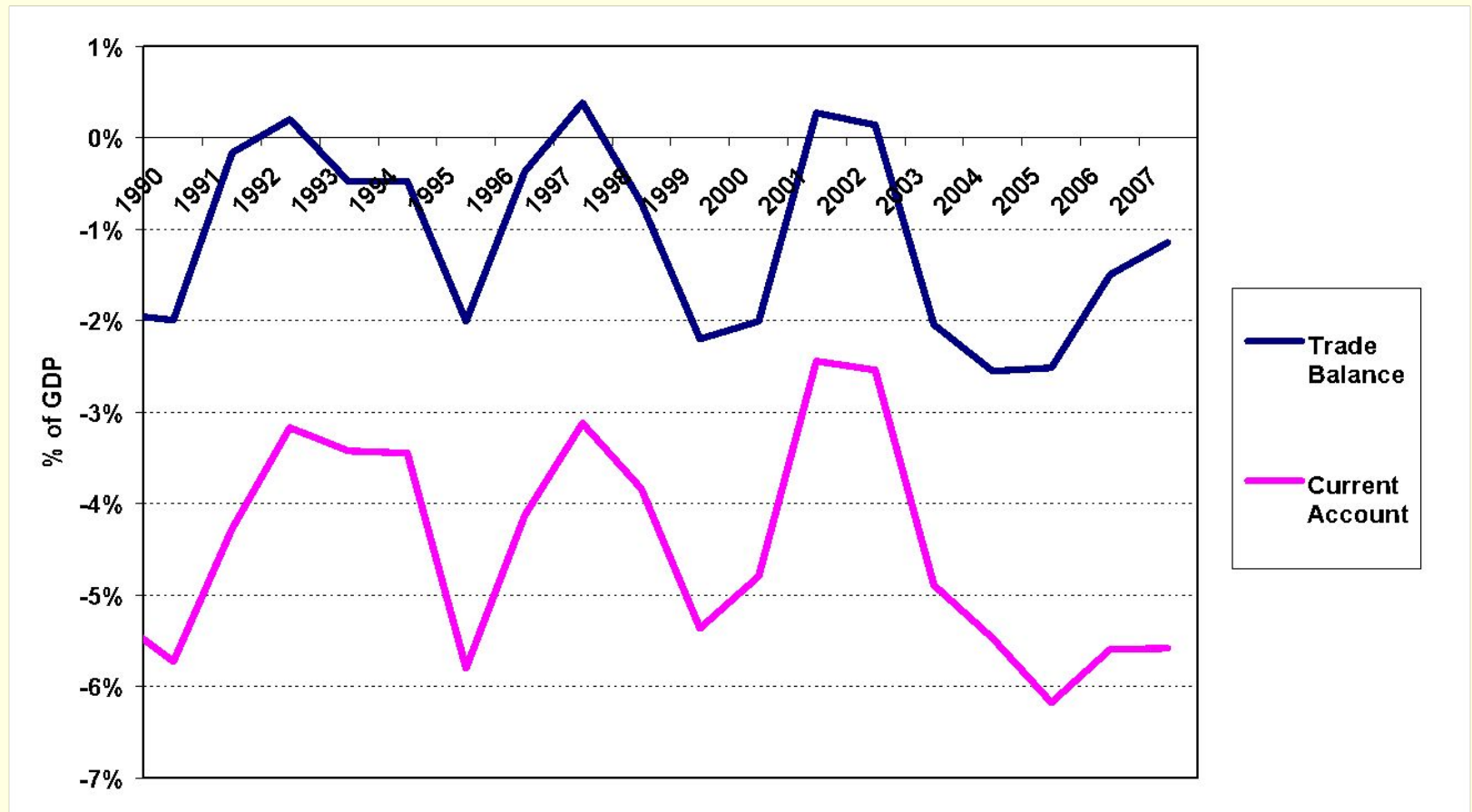
- U.S. (AUSFTA, started in 2005)
- Singapore (SAFTA, started in 2003)
- Thailand (TAFTA, started in 2005)

- **Free Trade Agreements under Negotiation/Consideration**

- Japan
- China
- ASEAN (Association of South-East Asian Nations)-New Zealand
- Chile
- Gulf Cooperation Council
- India
- South Korea
- Malaysia
- Indonesia

AUSTRALIA

Balance of Trade and Current Account

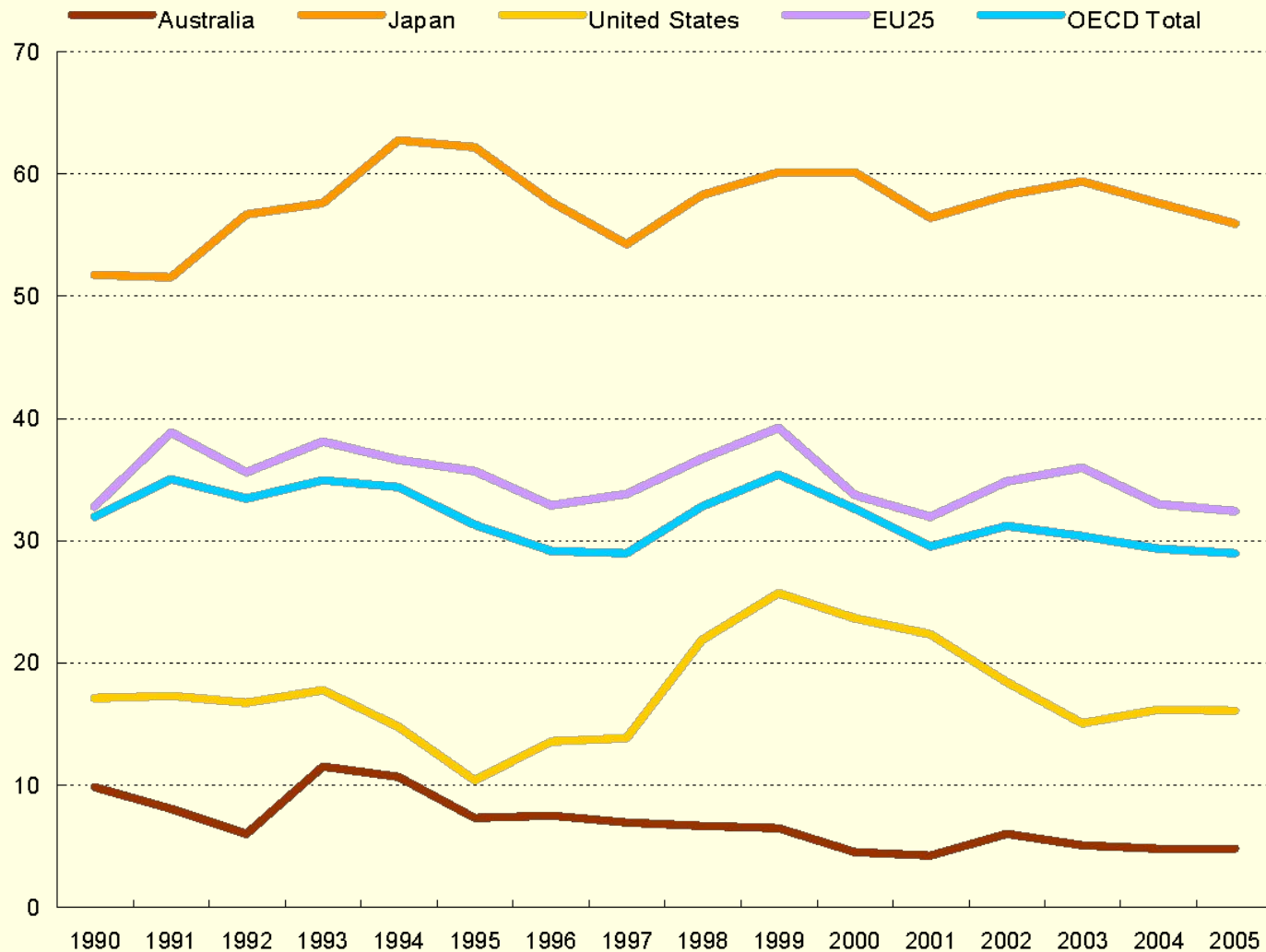


AUSTRALIA

Major Ag Policy Developments

- Reduction of trade-distorting support schemes for producers
- Major reduction in support to dairy producers
- Implementation of drought-support measures
- Emphasis in policies encouraging drought-preparedness amongst farmers
- More economic-oriented policies for water usage
- Expansion and strengthening of natural resource and environmental policies, mainly aimed at preventing soil degradation
- Streamlining of sanitary measures for imports

Producer Support Estimates as % of Gross Farm Receipts




AUSTRALIA

Farm Support Schemes

- Tax arrangements and risk-management tools to manage income fluctuations
- Excise tax rebates on diesel used by farmers
- Accelerated depreciation for land and water-conservation investments
- Publicly funded research and development
- Assistance for exceptional situations (e.g., droughts and floods)
- Import tariffs on certain types of cheese, unprocessed tobacco, and processed fruits and vegetables

Australia Wheat Board

- Near-monopoly for Australian wheat exports
 - AWB currently exports 96% of Australian wheat
- Created in 1939
 - Served as model for Canadian Wheat Board
- Government-controlled until 1999
- Privatized in 1999 (owned by active wheat growers)
- Publicly traded in Australian Stock Exchange since 2001



THE END