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**NOTE  
ON THE POLITICAL AND ECONOMIC SITUATION OF  
AUSTRALIA  
AND EU-AUSTRALIA RELATIONS**

**Abstract:**

In preparation for the EP delegation visit to Australia scheduled for 25 February through 4 March 2007, the present note provides an overview over the political and economic situation of the Commonwealth of Australia, as well as its relations with the EU. It is intended as background information, to be complemented by material from the European Commission closer to the departure date.

*Any opinions expressed in this document are the sole responsibility of the author and do not necessarily represent the official position of the European Parliament.*

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## OVERVIEW

Having emerged unscathed from the Australian Wheat Board (AWB) enquiry, PM John Howard and his Liberal-National coalition government will face new challenges in the 2007 election year: The newly elected leader of the opposition Labor Party, Kevin Rudd, is likely to prove a tougher and more focused rival than his predecessor, although he must unite his still deeply divided party behind him. For his part, Mr Howard has implemented virtually the whole of his fourth-term agenda of liberalisation and reforms. Although prevalent drought conditions will hold back growth, the non-farm economy is expected to remain buoyant and the next election may well be held in a climate of falling interest rates. In addition, the budget remains in substantial surplus, paving the way for a voter-friendly pre-election budget (to be presented in May, for a fiscal year lasting July to June).

### 1. POLITICAL SITUATION

#### 1.1. POLITICAL STRUCTURE

**Official name** Commonwealth of Australia

**Form of state** Federal democracy

**Legal system** Based on the constitution of 1901

#### **National legislature**

Bicameral: the House of Representatives of 150 members is directly elected by a preferential voting system for a three-year term; the 76 members of the Senate are directly elected by proportional representation for six-year terms, with one-half of Senate members retiring every three years, usually coinciding with elections for the House of Representatives. The Senate may not initiate or amend money bills. In certain circumstances the governor-general may dissolve the entire Senate.

**Electoral system** Compulsory universal direct suffrage over the age of 18

**National elections** 9 October 2004; the next federal election is due by January 2008

#### **Head of state**

Queen Elizabeth II, represented in Australia by a governor-general. Major-General Michael Jeffery was sworn in as governor-general on 11 August 2003.

#### **State legislatures**

Five of the six states have bicameral legislatures; that of the sixth (Queensland) is unicameral.

#### **National government**

A cabinet, presided over by the prime minister, is appointed by the governor-general on the basis of party strength in the House of Representatives; a Liberal-National coalition majority government is currently in power.

**Main political parties:** Labor Party; Liberal Party; National Party; Australian Democrats.

## **Cabinet** (as announced on 23 January 2007)

Prime minister: John Howard

Deputy prime minister: Mark Vaile

Agriculture, fisheries & forestry:	Peter McGauran
Communications, information technology & the arts:	Helen Coonan
Defence:	Brendan Nelson
Education, science & training :	Julie Bishop
Employment & workplace relations:	Joe Hockey
Environment & heritage:	Malcolm Turnbull
Families, community services& indigenous affairs:	Mal Brough
Finance & administration:	Nick Minchin
Foreign affairs:	Alexander Downer
Health & ageing:	Tony Abbott
Immigration & multicultural affairs:	Kevin Andrews
Industry, tourism & resources:	Ian Macfarlane
Trade:	Warren Truss
Transport & regional services:	Mark Vaile
Treasury:	Peter Costello
<b>Attorney-general:</b>	Philip Ruddock
<b>Reserve Bank governor</b>	Glenn Stevens

### 1.2. DOMESTIC POLITICS

On 11 March 2007, Prime Minister John Howard will be entering his twelfth year in office. Aged 67, he is already the second-longest serving PM (after the legendary Robert Menzies, who totalled eighteen and a half years, albeit in two distinct terms), but shows no signs of wanting to retire. Certainly, the moment has already passed for handing over the leadership to his ambitious and long-serving deputy, Treasurer Peter Costello, before the next federal elections.

#### *1.2.1. The governing coalition*

Howard's ruling centre-right, Liberal-National coalition, which in August 2005 became the first government for 20 years to enjoy a majority in both houses of parliament, has used its parliamentary strength to push through some controversial economic reforms previously blocked by a lack of support in the Senate. (The coalition secured a majority in the upper house at the federal election held in October 2004, but the senators elected at that time did not take their seats until the first parliamentary session after July 1st 2005.)

These reforms have included the "Welfare to Work" package, sweeping industrial relations reform, cutting personal taxes, and simplifying the pensions system ("*superannuation*"), thereby encouraging early pensions contributions. In order to meet the federal government's civil service pensions liability, a new Future Fund launched in November will receive the proceeds from the privatisation of the country's dominant telecommunications provider, Telstra, and the government's remaining Telstra shares.

In the wake of the scandal that surrounded the UN oil-for-food programme for Iraq, Australia conducted its own domestic enquiry headed by a senior judge, Terence Cole. It focused on the Australian Wheat Board (AWB), Australia's monopoly wheat exporter, which sold wheat to the Iraqi grain board from 1999 to 2003 under the oil-for-food programme. In late November 2006, the Cole enquiry concluded that criminal charges could be laid against several of the AWB's former senior executives, but cleared government ministers, the Department of Foreign Affairs and Trade (DFAT) and the Wheat Export Authority (WEA) of any wrongdoing (though criticising the absence of procedural safeguards).

The government responded to the Cole enquiry by stripping the AWB of its export monopoly, long criticised by the EU and US. The power to veto proposed wheat exports was transferred to the minister for agriculture, Peter McGauran, for a period of six months. The measure was hotly contested within coalition ranks, as the junior partner in the coalition, the National Party, vehemently defended AWB's export monopoly, seen as providing the majority of farmers (National's core support base) with superior returns. Shifting the power of veto to a National Party minister was thus a compromise to allow time for consultation with wheat growers before the finalisation of long-term plans for wheat exports by end-February 2007. A number of options are under consideration, but whatever the final outcome, the debate will once again expose deep divisions in attitudes towards market deregulation within coalition ranks.

The privatisation of Medibank Private, a government-owned health insurance business, via a public flotation will proceed if the current Liberal-National coalition government wins the next election. The sale, scheduled to take place in 2008, was approved by Parliament in early December. The flotation is expected to raise about A\$2bn. The government seems set to press ahead with it despite a parliamentary library study questioning the legality of the sale.

### *1.2.2. The opposition*

Intensifying leadership speculation in the Labor Party culminated on December 4th in a special meeting of the Labor caucus, which elected the party's foreign affairs spokesman, Kevin Rudd, as the party's new leader. Julia Gillard replaces Jenny Macklin as deputy leader. Mr Rudd easily secured the leadership with 49 votes, compared with 39 for the existing leader, Kim Beazley—a larger majority than even his supporters had expected. Mr Rudd identified industrial relations, climate change, education, health and the reform of the federation as key areas, and also signalled that he would probably take a more interventionist approach to industrial development than his predecessor. With a background in Australia's diplomatic service and as shadow foreign minister critical of Australian participation in the Iraq war, he could also be expected to strive for a foreign policy more independent of the United States while still abiding by the basic tenets of that alliance.

## 1.3. INTERNATIONAL RELATIONS<sup>1</sup>

Australia's international relations were for a long time centred on the UK and the Commonwealth. Although substantial changes in Australia's international orientation have occurred in recent decades (and remain ongoing), it still actively engages in Commonwealth

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<sup>1</sup> For details of the current government's foreign policy, see the White Paper published in 2003: [http://www.australianpolitics.com/foreign/elements/2003\\_whitepaper.pdf](http://www.australianpolitics.com/foreign/elements/2003_whitepaper.pdf)

affairs. Australia has close trade and diplomatic links with its regional neighbours and is active in regional organisations. It played a leading role, in particular, in the formation of the Asia-Pacific Economic Co-operation (APEC) forum, the broad-based organisation linking Pacific Rim countries. Australia is a member of all the major international organisations, including the UN, the IMF and the OECD.

### *1.3.1. Support for US missions*

The US and Australia have long been allies, and the Australian government supported US military action in Afghanistan and Iraq. Despite the US government's election reverses in November over the Iraq situation, Mr. Howard and his ministers have ruled out a rapid withdrawal of Australian troops. However, some subtle changes in policy are likely, to counter the Labor argument that the presence of troops may simply worsen violence. Although Mr Howard could prove surprisingly flexible on the issue (he has withdrawn Australian special forces from Afghanistan), the government will remain keen to show that it supports the US on other issues, for example, supporting sanctions against North Korea in the wake of that country's nuclear test.

### *1.3.2. New Zealand*

Australia has a particularly close relationship with New Zealand. In 1966 the New Zealand-Australia Free-Trade Agreement was implemented. This was replaced in 1983 by the Australia New Zealand Closer Economic Relations (CER) trade agreement. In 1988 the two countries agreed to implement free trade in goods from July 1990. Points of friction remain, including those relating to Australia's strict quarantine laws. Both countries are signatories of the ANZUS defence treaty, with the US. However, New Zealand's decision in 1985 to ban nuclear-capable ships from its ports led the US to suspend joint military exercises within the ANZUS pact.

### *1.3.3. Pacific Islands*

Australia's active participation in restoring law and order within its neighbourhood is not new. It participated in the 1999 UN-sanctioned action in East Timor and has worked with other countries to stabilise Papua New Guinea's (PNG) secessionist province, Bougainville. In 2003 it led a regional peacekeeping force to help improve law and order in the Solomon Islands. Australia also continues to provide substantial assistance to countries affected by the end-2004 Indian Ocean tsunami. Relationships are well established generally, but the combination of Australian outspokenness and Asian reserve occasionally gives rise to discord, e.g. when Mr Howard suggested that Australia could take pre-emptive action to deal with perceived terrorist threats in neighbouring countries.

Australia is currently facing a range of problems in what it considers its own back yard. In recent weeks, the threat of a coup in Fiji has led to the despatch of warships to pick up Australian citizens, and troops and police have been sent to Tonga as part of a New Zealand-led force in response to rioting. Relations with Papua New Guinea (PNG) and the Solomon Islands remain tricky: Diplomatic ties with PNG have been partially suspended, and the Solomon Islands' prime minister, Manasseh Sogavare, remains antagonistic. Australia has troops in the Solomon Islands, and has recently agreed to commit more to Timor-Leste, exacerbating worries that its military forces are overstretched.

#### *1.3.4. Indonesia*

Australia's relationship with Indonesia deteriorated sharply in 1999 in the wake of East Timor's vote for independence and the subsequent deployment there of a UN peacekeeping force led by Australia. Indonesia cancelled the security treaty signed by the two countries in 1995, and Australia suspended planned joint military exercises. More recently, relations have improved, reflecting shared concerns over terrorism and people-smuggling, generous assistance from Australia to Indonesia in the wake of the December 2004 tsunami and a genuinely cordial relationship between the Indonesian president, Susilo Bambang Yudhoyono, and Mr Howard.

#### *1.3.5. China*

Against a background of rapidly expanding trade relations and cooperation on reducing greenhouse gas emissions, the Canberra parliament has cleared the way for Australian uranium to be sold to China for non-military purposes. Two treaties signed in April 2006 between Australia and China, one relating to the transfer of nuclear material and the other to co-operation on peaceful uses of nuclear energy, were reviewed by the Treaties Committee, and the resulting report was put before parliament in early December. The committee supported the sale of Australian uranium to China in order to help reduce the latter's greenhouse gas emissions through increased use of nuclear power. However, the committee also stated that Australia would have an obligation to ensure that none of the uranium that it sold to China was used for military purposes or allowed other uranium to be diverted towards military use. It recommended that Australia make a voluntary additional contribution to the International Atomic Energy Agency (IAEA), the global nuclear regulator. Opponents of the deal include Senators Andrew Bartlett (Australian Democrats) and Kerry Nettle (Greens).

#### *1.3.6. India*

During a trip to India less than a year ago, PM Howard had still ruled out an immediate end to the ban on Australian exports of uranium to India. (Australia has the world's biggest uranium reserves.) Recently however, his government has indicated a possible softening of its position on nuclear non-proliferation. The possible deal could follow the line adopted by the US administration and approved by Congress: In return for uranium deliveries, India accepted to open its civilian facilities to IAEA inspectors, but not its nuclear weapons programme. The opposition Labor Party accused the government of bowing to US pressure and warned against any watering down of Australia's commitment to the NPT.

#### *1.3.7. Trade relations*

As a member of the "Cairns Group" of agricultural exporters, Australia has been dissatisfied with the WTO's lack of progress on the Doha round, for which Trade Minister Truss recently blamed EU inertia. As a consequence it is active in seeking bilateral free-trade agreements (FTAs) with its trading partners.

Australia and Singapore signed a free-trade agreement in 2002, Australia's first since the Australia-New Zealand Closer Economic Relations Agreement (which was signed almost two decades ago). The Singapore-Australia Free Trade Agreement (SAFTA) eliminates tariffs on



goods, and also provides a more transparent framework for trade in services, as well as for investment and regulation across a number of sectors. Free-trade agreements (FTAs) with both the US and Thailand came into effect on January 1st 2005, though small issues are likely to continue to hamper bilateral relationships. US pressures over wheat export procedures serve as a reminder that there are still aspects to Australian economic management that others can justifiably object to.

Talks on an FTA with China are under way, although quarantine and investment regulations and Chinese government subsidies to industry are potential hurdles. The federal government is also pursuing FTAs with Malaysia, the UAE and Japan. After initial uncertainties about its welcome, Australia also appears firmly committed now to the East Asia Summit project of a regional free trade bloc which could rival the EU and NAFTA.

## **2. ECONOMIC SITUATION**

### **2.1. ECONOMIC STRUCTURE**

Economic activity is focused on Australia's eastern seaboard, where most of the population lives. In recent years, New South Wales generates around 34% of Australia's GDP, Victoria 25% and Queensland 17.5%. There is a sharp divide in economic performance between the states; typically, growth in South Australia and Tasmania is well below the overall levels for Australia, and Western Australia is heavily dependent on the volatile mining industry.

As in most developed countries, the services sector generates the bulk of GDP. The largest service industry is finance, property and business services. Other major services industries include retail and wholesale trade, transport and communications, and construction. The most rapidly growing service industry over the past five years has been health and community services with an average annual growth of 4.6%. Manufacturing, headed by machinery and equipment, accounts for around 11% of GDP. While mining and agriculture are small in terms of Australia's GDP (less than 10% combined), they account for a large share (close to 70%) of exports.

### **2.2. ECONOMIC PERFORMANCE**

#### *2.2.1. Economic growth*

Australia's relatively solid growth prospects are currently dampened by persistent drought conditions: The near-total failure of winter and spring rains across the southern part of Australia has crippled the most productive agricultural regions, affecting both cereal crops and livestock. The most recent central bank quarterly statement, released in November, predicts that the worsening drought could take around 0.75 percentage points off the rate of economic growth for 2006/07. The RBA's forecast is made on the basis of a 20% fall in agricultural output, which would knock 0.5 percentage points off growth directly, and the remainder through indirect effects on other sectors. However, with other parts of the economy growing quickly, it is not clear that overall growth for 2007 will be particularly disappointing: Despite the drought, overall GDP growth is forecast to increase slightly from an estimated 2.9% in 2006 to 3% in 2007 and remain around this rate in 2008.

### 2.2.2. *Inflation*

In its most recent Statement on Monetary Policy in November 2006, the RBA reiterated its view that underlying inflation continues to run at an annualised rate of about 3%, up from about 2.5% at the end of 2005. The RBA envisages that underlying inflation will remain at the top end of its target range over the medium term, although it expects headline inflation to fall as the price increases of recent quarters are unwound. The RBA also expects underlying inflation to moderate over the longer term in response to the three interest-rate increases (of 25 basis points each) in 2006.

### 2.2.3. *Employment*

The seasonally adjusted unemployment rate held steady at 4.8% in the third quarter of 2006, before dipping to 4.6% in October and remaining at that rate in November. The labour market has remained remarkably resilient despite slowing economic growth. In part, at least, this reflects the fact that weakness is heavily concentrated in the farm sector, which is not a major employer. Employment is a lagging indicator however, and slowing GDP growth may curb further job growth in late 2006 and early 2007. Still, employers continue to report labour shortages, especially in the states and territories reporting strong economic growth (notably Western Australia).

### 2.2.4. *External sector*

Australia's foreign trade continues to depend on agricultural and mineral exports. Japan, the EU, the US and ASEAN are its major trading partners (see annexes for detailed trade data). Japan's demand for imported raw materials provides Australia with its biggest single export market. As a result, Australia runs a trade surplus with Japan, despite its substantial imports of Japanese goods. Australia also runs trade surpluses with Hong Kong, South Korea, Taiwan and New Zealand. However, it has substantial trade deficits with the EU, the US, and China. Australia's trade with China (both exports and imports) is expanding strongly.

Australia typically runs a current account deficit, mainly because of high outflows of net income payments, which reflect the substantial level of foreign funding needed to sustain investment given the low level of domestic saving. The current-account deficit narrowed by A\$1.2bn to A\$12.1bn in the third quarter of 2006, its fourth consecutive quarterly fall. It also fell as a share of GDP (to 4.8%, compared with 5.4% in the second quarter). The gain was owing to the much smaller merchandise trade deficit and a larger surplus on services (The Australian Bureau of Statistics (ABS) has made substantial revisions to the data on services, incorporating new methodologies and data sources).

## 2.3. ECONOMIC POLICY OUTLOOK

### 2.3.1. *Fiscal policy*

Despite a generous budget for 2006/07, the federal government will go into the next election campaign with a substantial war chest. The Treasury estimates a cash surplus for 2005/06 of

A\$14.8bn (US\$11bn), and it expects a further surplus of A\$10.8bn for 2006/07. Not only will the budget for 2007/08—the last before the next federal election—be another generous one, but further sweeteners will no doubt be handed out to aid government attempts to win a fifth term in office. Some small additional programmes have already been unveiled—for example, a A\$350m (US\$261m) package to help drought-afflicted farmers, and an A\$800m programme to upgrade worker skills.

### 2.3.2. *Monetary and exchange rate policy*

The Reserve Bank of Australia (RBA) mainly influences the value of the currency indirectly through interest rate movements rather than market intervention. Australia moved to a floating exchange rate in 1983. The Australian dollar has recently strengthened again, after showing some signs of weakness, but the trend from now on should be gently downwards, as worries about the implications of the drought increase. The exchange rate is forecast to average A\$1.33:US\$1 for 2006 and A\$1.37:US\$1 in 2007, before weakening more markedly to A\$1.46:US\$1 in 2008, partly reflecting easing world commodity prices

Monetary policy is anchored on an inflation-targeting framework adopted in 1993. Rather than following a hard-edged target band within which inflation must be held at all times, the RBA aims to keep underlying inflation within a 2-3% target range over the course of the economic cycle. In November 2006, the RBA raised the target for the overnight cash rate (OCR) by a further 0.25 percentage points to 6.25%, as expected. The RBA cited the tight state of the labour market as a prime reason for the rate rise, but the latest data suggest that pressures here may be easing. Given the mixed signals, a further rise in interest rates seems unlikely, but any rate cuts are not expected before the second half of 2007.

## 3. EU-AUSTRALIA RELATIONS

The EU has been Australia's largest trading partner for the last fifteen years. Similarly, the EU is also the largest source of foreign investment in Australia, the second major destination for Australian investments abroad and the largest partner for Australian bi-lateral trade in services for at least sixteen years. The EU and Australia share common concerns with regard to the Asia-Pacific Region. The EU has been involved in peace-keeping efforts in the Asia-Pacific region, such as Cambodia and East Timor. Australia's Foreign and Trade Policy White Paper explicitly recognises the role of the European Union as a global actor and the advantages in strengthening bilateral relations with an increasingly integrated Europe.

The main document governing the bilateral relationship is the 1997 Joint Declaration on Relations between Australia and the European Union. In it, both sides reaffirm their determination to build up their relationship in order to support democracy and the rule of law, to promote peace and security, non-proliferation, a sound world economy with low inflation, high employment, a stable international financial system and a strong multilateral trade system based on free and open market principles. At the April 2002 consultations, the two sides agreed an agenda for future cooperation.<sup>1</sup>

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<sup>1</sup> For the text see the European Commission External relations website:  
[http://europa.eu.int/comm/external\\_relations/australia/intro/eucoop.htm](http://europa.eu.int/comm/external_relations/australia/intro/eucoop.htm)

In spite of the successful bilateral trade relations overall, a number of irritants remain for both sides, mainly concerning issues of market access:

While the EU level of tariffs for industrial products is not higher than 5%, Australia still applies tariffs of a maximum of 10% (textiles, footwear, motor vehicles and parts) and 17,5% for clothing for EU exports. However, these tariff peaks are due to reduce to 5% by 2015. The applied tax of 25 % on luxury cars from the EU is not concerned by the latter reduction. Conversely, conditions for access of agricultural products to the EU market are affected by the operations of the Common Agricultural Policy, where the EU maintains high levels of self-sufficiency in primary agricultural products, including meat, dairy products and wheat. Particular Australian complaints concern the alleged insufficient access of sheep meat, beef and dairy products to the EU market.

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## ANNEX 1: FEDERAL ELECTION RESULTS <sup>a</sup>

	Seats (no.)		Primary vote (%)	
	2001	2004	2001	2004
<b>House of Representatives</b>				
Liberal Party	68	74	37.1	40.5
Labor Party	65	60	37.8	37.6
National Party	14	13	5.6	5.9
Australian Democrats	0	0	5.4	1.2
Australian Greens	0	0	5.0	7.2
One Nation	0	0	4.3	1.2
Independents & others	3	3	4.8	6.4
<b>Total</b>	<b>150</b>	<b>150</b>	<b>100.0</b>	<b>100.0</b>
<b>Senate<sup>b</sup></b>				
Liberal Party	31	33	–	–
Labor Party	28	28	–	–
National Party	4	6	–	–
Australian Democrats	8	4	–	–
Australian Greens	2	4	–	–
Family First	–	1	–	–
Others	3	–	–	–
<b>Total</b>	<b>76</b>	<b>76</b>	–	–

<sup>a</sup> Federal elections held on November 10th 2001 and October 9th 2004. <sup>b</sup> Party representation from July 1st 2005.

Source: Australian Electoral Commission.

## ANNEX 2: ECONOMIC DATA

### Economic structure: Annual indicators

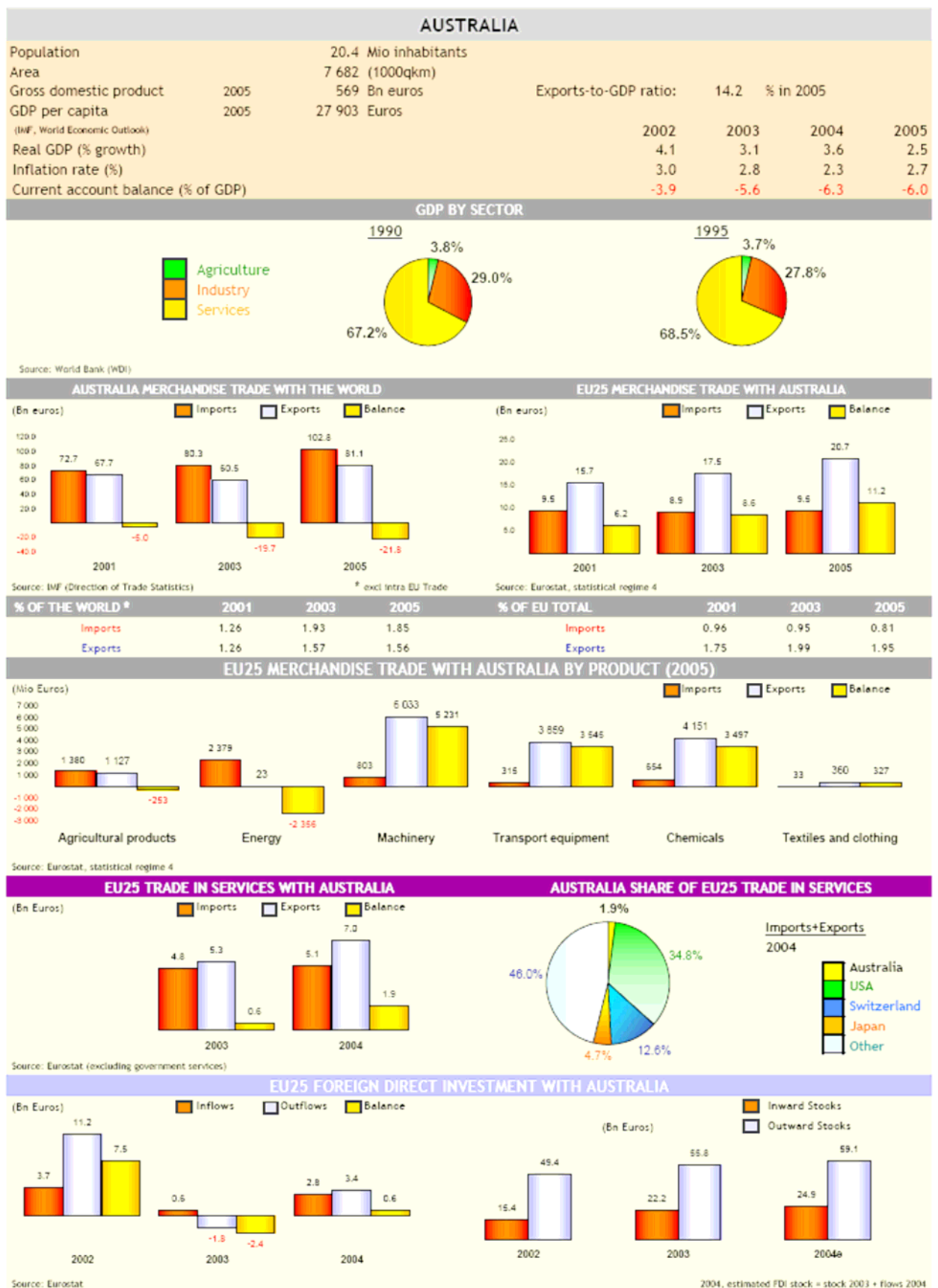
	2002 <sup>a</sup>	2003 <sup>a</sup>	2004 <sup>a</sup>	2005 <sup>a</sup>	2006 <sup>b</sup>
GDP at market prices (A\$ bn)	759.2	809.2	867.8	932.8	983.2
GDP (US\$ bn)	412.5	524.8	638.2	712.3	741.5
Real GDP growth (%) <sup>c</sup>	4.1	3.0	3.7	2.8	2.5
Consumer price inflation (av; %)	3.0	2.8	2.3	2.7	3.7
Population (m)	19.7	19.9	20.2	20.4 <sup>b</sup>	20.6
Exports of goods fob (US\$ m)	65,013	70,526	87,206	106,969	117,213
Imports of goods fob (US\$ m)	-70,530	-85,862	-105,239	-120,372	-126,982
Current-account balance (US\$ m)	-16,468	-29,695	-40,066	-42,125	-40,539
Foreign-exchange reserves excl gold (US\$ m)	20,689	32,189	35,803	41,941	47,077
Total external debt (US\$ bn)	193.8	237.9	287.8	325.3 <sup>b</sup>	374.5
Debt-service ratio, paid (%)	32.2 <sup>b</sup>	27.9 <sup>b</sup>	32.6 <sup>b</sup>	34.4 <sup>b</sup>	38.5
Exchange rate (av) A\$:US\$	1.84	1.54	1.36	1.31	1.33

<sup>a</sup> Actual. <sup>b</sup> Economist Intelligence Unit estimates. <sup>c</sup> Seasonally adjusted; calendar years.

<b>Main origins of GDP 2004</b>	<b>% of total</b>	<b>Components of GDP 2004</b>	<b>% of total</b>
Primary production & mining	8.3	Private consumption	61.4
Manufacturing	11.4	Government consumption	18.2
Commerce	14.0	Fixed investment	25.4
Transport & communications	8.4	Stockbuilding	-0.4
Finance & business services	19.9	Exports of goods & services	19.1
Housing ownership	9.3	Imports of goods & services	-25.0
<b>Principal exports 2004</b>	<b>US\$ bn</b>	<b>Principal imports 2004</b>	<b>US\$ bn</b>
Minerals & metals (incl gold)	39.5	Intermediate & other merchandise goods	37.1
Rural goods	19.8	Consumption goods	33.3
Manufacturing goods	18.9	Capital goods	25.2
Other goods	8.8	Fuels & lubricants	9.3
<b>Main destinations of exports 2004</b>	<b>% of total</b>	<b>Main origins of imports 2004</b>	<b>% of total</b>
Japan	18.9	EU	23.7
ASEAN	11.7	ASEAN	16.4
EU	11.2	US	14.5
China	9.3	China	12.6
US	8.1	Japan	11.8

Source: EIU Country Report, January 2007

### ANNEX 3 : AUSTRALIA-EU TRADE



Source: European Commission, DG Trade