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Trade &
Investment
KwaZulu-Natal
•South Africa

DRIVING THE BUSINESS OF TRADE AND INVESTMENT

Country Targeting Strategy 2011/12

Country Intelligence

Australia



September 2011

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Country background and economic overview

Aboriginal settlers arrived on the continent from Southeast Asia about 40,000 years before the first Europeans began exploration in the 17th century. No formal territorial claims were made until 1770, when Capt. James COOK took possession in the name of Great Britain. Six colonies were created in the late 18th and 19th centuries; they federated and became the Commonwealth of Australia in 1901. The new country took advantage of its natural resources to rapidly develop agricultural and manufacturing industries and to make a major contribution to the British effort in World Wars I and II. In recent decades, Australia has transformed itself into an internationally competitive, advanced market economy. It boasted one of the OECD's fastest growing economies during the 1990s, a performance due in large part to economic reforms adopted in the 1980s. Long-term concerns include ageing of the population, pressure on infrastructure, and environmental issues such as frequent droughts.

Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron ore, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas project, will significantly expand the resources sector. Australia also has a large services sector and is a significant exporter of natural resources, energy, and food. Key tenets of Australia's trade policy include support for open trade and the successful culmination of the Doha Round of multilateral trade negotiations, particularly for agriculture and services. The Australian economy grew for 17 consecutive years before the global financial crisis. Subsequently, the government introduced a fiscal stimulus package worth over US\$50 billion to offset the effect of the slowing world economy, while the Reserve Bank of Australia cut interest rates to historic lows. These policies - and continued demand for commodities, especially from China - helped the Australian economy rebound after just one quarter of negative growth. The economy grew by 1.2% during the first three quarters of 2009 - the best performance in the OECD – and 3.3% in 2010. Unemployment, originally expected to reach 8-10%, peaked at 5.7% in late 2009 and fell to 5.1% by February 2010. As a result of an improved economy, the budget deficit is expected to peak below 4.2% of GDP and the government could return to budget surpluses as early as 2015. The Australian financial system remained resilient throughout the financial crisis and Australian banks have rebounded. Australia was one of the first advanced economies to raise interest rates – with seven rate hikes between October 2009 and November 2010. The GILLARD government is focused on raising Australia's economic productivity to ensure the sustainability of growth, and continues to manage the symbiotic, but sometimes tense, economic relationship with China. Australia is engaged in the Trans-Pacific Partnership talks and ongoing free trade agreement negotiations with China, Japan, and Korea.

Country statistics

Indicator	Measure	Rank
Geography		
Area	7,741,220 sq km	6
	land: 7,682,300 sq km	
	water: 58,920 sq km	
Coastline	25,760 km	
Natural resources	bauxite, coal, iron ore, copper, tin, gold, silver, uranium, nickel, tungsten, mineral sands, lead, zinc, diamonds, natural gas, petroleum <i>note: Australia is the world's largest net exporter of coal accounting for 29% of global coal exports</i>	
Land use	arable land: 6.15%	
	permanent crops: 0.04%	
	other: 93.81% (2005)	
Irrigated land	25,450 sq km (2003)	
Demographics and population development		
Population size	21,515,754 (July 2010 est.)	54
Population structure	0-14 years: 18.4%	
	15-64 years: 67.8%	
	65 years and over: 13.7% (2010 est.)	
Popn growth rate	1.171% (2010 est.)	108
Net migration rate	6.13 immigrant(s)/1,000 population (2010 est.)	11
Urbanization	89% of total population (2008)	
	growth: 1.2% (2005-10 est.)	
Sex ratio	1 male(s)/female (2010 est.)	
Life expectancy at birth	81.72 years (2010 est.)	8
Total fertility rate	1.78 children born/woman (2010 est.)	156
HIV prevalence rate	0.2% (2007 est.)	92
Literacy rate	99% (2003 est.)	
School life expectancy	20 years (2006)	
The economy		
Currency	Australian dollar: 1.2894/US\$ (2009 est.), 1.2059 (2008 est.)	
	total: \$824.3 billion (2009 est.)	6

Indicator	Measure	Rank
GDP (PPP)	growth: 1% (2009 est.); 2.2% (2008 est.)	97
	per capita: \$38,800 (2009 est.)	23
GDP composition	agriculture: 4.1%	
	industry: 26%	
	services: 70% (2009 est.)	
Labour force	11.45 million (2009 est.)	44
	unemp rate: 5.6% (2009 est.)	51
Labour force by occupation	agriculture: 3.6%	
	industry: 21.1%	
	services: 75% (2005 est.)	
Poverty rate	N/A	
Gross investment (% of GDP)	28.5% of GDP (2009 est.)	32
Public debt	17.6% of GDP (2009 est.)	108
Inflation rate	1.8% (2009 est.); 4.4% (2008 est.)	64
Commercial bank prime rate	8.91% (Dec 2008)	90
Agricultural products	wheat, barley, sugarcane, fruits; cattle, sheep, poultry	
Industries	mining, industrial and transportation equipment, food processing, chemicals, steel	
Electricity	production: 239.9 billion kWh (2007 est.)	17
	consumption: 222 billion kWh (2007 est.)	16
Oil	production: 589,200 bbl/day (2009 est.)	30
	consumption: 946,300 bbl/day (2008 est.)	19
	reserves: 1.56 billion bbl (1 Jan 2009 est.)	37
Natural gas	production: 45.22 billion cu m (2008 est.)	19
	consumption: 34.2 billion cu m (2008 est.)	26
Current account balance	-\$29.89 billion (2009 est.)	182
Trade	exports: \$160.5 billion (2009 est.)	23
	imports: \$163.9 billion (2009 est.)	21
Export commodities	coal, iron ore, gold, meat, wool, alumina, wheat, machinery and transport equipment	
Import commodities	machinery and transport equipment, computers and office machines, telecommunication equipment and parts; crude oil and petroleum products	

Indicator	Measure	Rank
Export partners	Japan 22.2%, China 14.6%, South Korea 8.2%, India 6.1%, US 5.5%, NZ 4.3%, UK 4.2% (2008)	
Import partners	China 15.4%, US 12.1%, Japan 9.1%, Singapore 7%, Germany 5.1%, Thailand 4.5%, UK 4.4%, Malaysia 4.1% (2008)	
Reserves of forex & AU	\$41.74 billion (31 Dec 2009 est.)	37
FDI stock	at home: \$295.9 billion (31 Sep 2009 est.)	15
	abroad: \$226.7 billion (31 Sep 2009 est.)	15
Infrastructure		
Airports	464 (2009)	17
	with paved runways: 325	
	with unpaved runways: 139	
Pipelines	gas 27,105 km; liquid petroleum gas 240 km; oil 3,258 km; oil/gas/water 1 km (2009)	
Railways	37,855 km	7
Roadways	812,972 km	9
Ports and terminals	Brisbane, Dampier, Fremantle, Gladstone, Hay Point, Melbourne, Newcastle, Port Hedland, Port Kembla, Port Walcott, Sydney	

Data sources

Central Intelligence Agency [CIA]; *the World Factbook*. www.cia.org. Accessed: July – August, 2011

Note: more information on leading companies in each of the strategic sectors for investment promotion can be accessed from MARKETLINE: www.marketlineinfo.com. The website can be accessed through TIKZN's 'Online Subscriptions' link available on the portal.