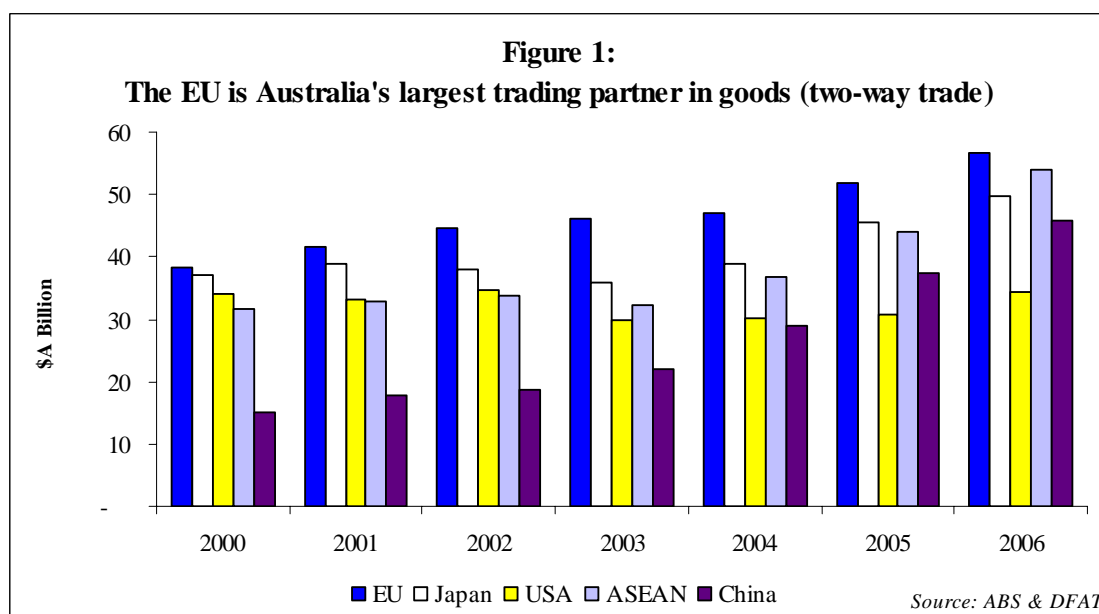
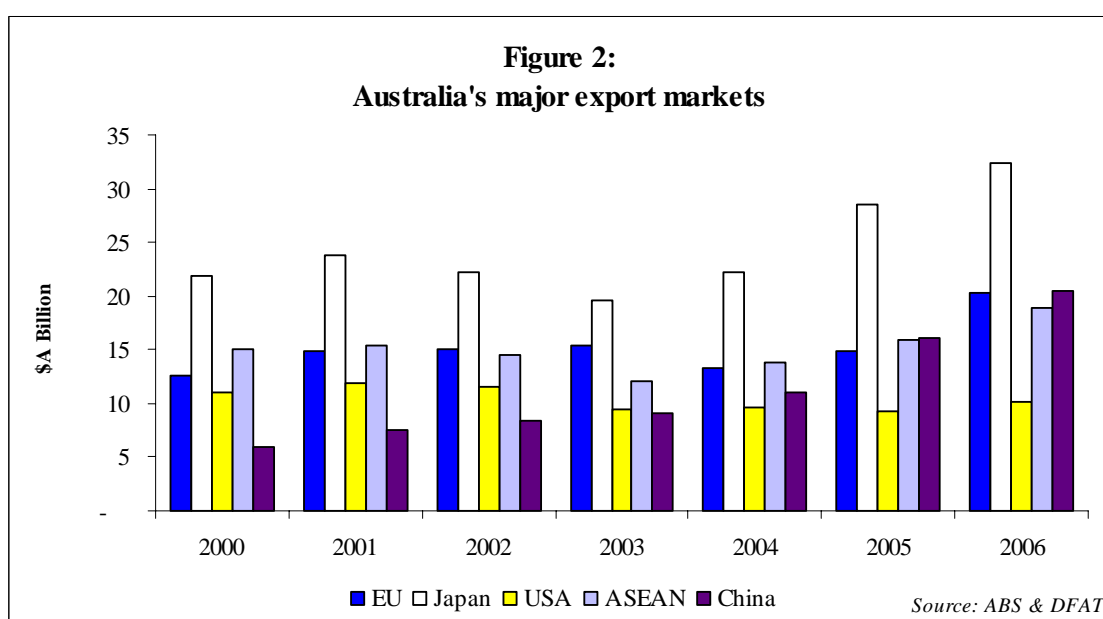


## European Union – Australia Trade in Goods – 2006

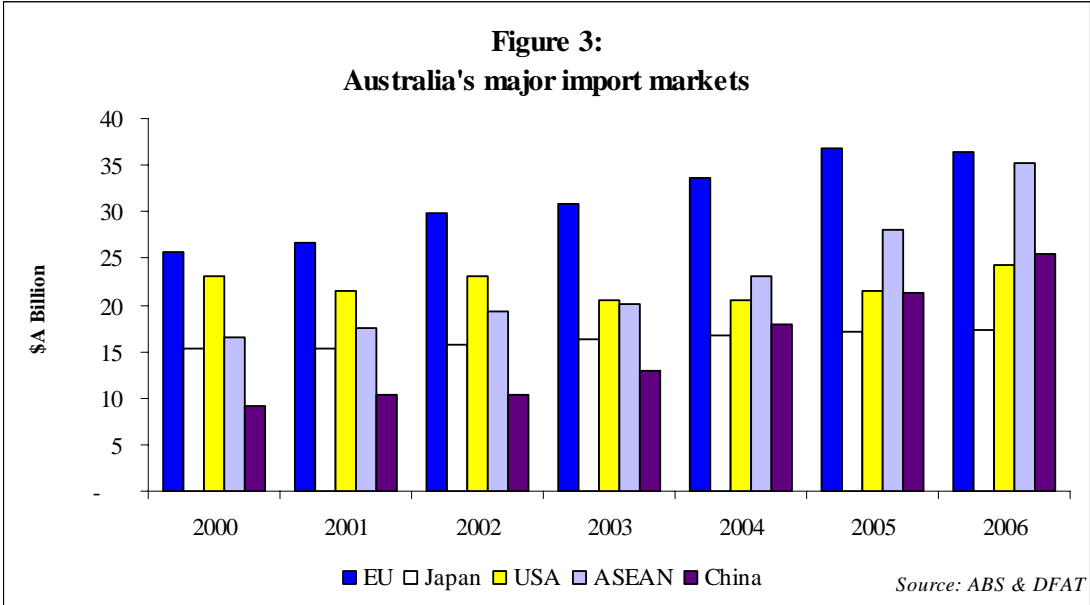
In 2006, the EU remained **Australia's largest merchandise trading partner** (measured in two-way trade), accounting for 16.7% of total trade in 2006 (\$A56.7bn + 9.4%), down from 17.6% in 2005 and a high of 19.4% in 2003. ASEAN is now Australia's next largest trading partner (15.9%), followed by the Japan (14.6%), China (13.5%) and the USA (10.1%), See *Figure 1*.



Australian exports to the EU increased by a very strong 36% in 2006 to \$A20.3bn. Even excluding volatile gold exports, EU exports grew by a robust 21% in a year when total exports rose by 18%. As a result, exports to the EU accounted for 12% of total Australian exports, and the **EU regained the position as the third most important market for Australian exports** after Japan (\$A32.4bn, or 20%) and China (\$A20.4bn, or 13%) and ahead of ASEAN (\$A18.8bn, or 12%) and the USA (6%).



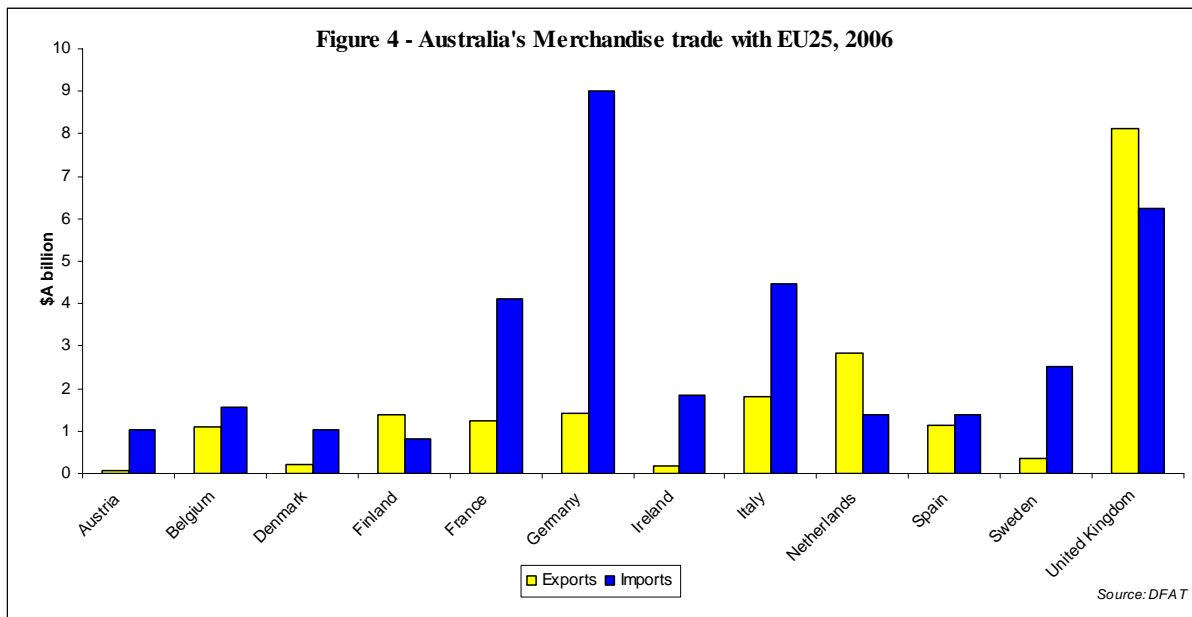
Despite Australian imports from the EU falling by 1.2% to \$A36.5bn in 2006, the EU is still Australia's **principal source of imports**, with EU imports accounting for 20.7% of total imports. ASEAN is the second most important source (\$35.1bn, + 25.6% or 20.0% of total imports); followed by China (\$A25.5bn, +19.3% or 14.5%); and then the USA (\$A24.4bn, + 13.9% or 13.9%), *See Figure 3.*



Australia had a merchandise trade deficit with the EU of \$A16.2bn in 2006 (down from \$A22.0bn in 2005). This compares with a trade deficits of \$A16.3bn with ASEAN, \$A14.3bn with the USA; and \$A5.1bn with China. Australia had a trade surplus of \$A15.1bn with Japan.

In terms of trade between Australia and individual EU Member states, **Australia's largest source of imports from within the EU continued to be from Germany** (accounting for \$A9bn of total EU imports, or 25% of the total), while the **top destination for Australian exports remained the United Kingdom** (accounting for A\$8bn of Australian exports to the EU, or 40% of the total). *See Figure 4.* In addition, 2006 saw healthy levels of trade growth between Australia and many of the newer EU member states, particularly in Australian exports to these countries. Australian exports to Malta and Estonia increased by 820% and 400% respectively, albeit from a comparatively low base, *See Figure 5.*

In fact, Australian merchandise exports to the 10 EU Member states which acceded in 2004 have grown by 9% over the past five years (trend growth rate), compared to a growth rate of 6% for the previously existing Member states over the same period. In the case of merchandise imports, growth in merchandise imports from the EU-10 was almost four times that of the EU-15 over the same period (with five year trend growth rates of 20% and 5%, respectively).



In 2006, the **three largest export** items from Australia to the EU25 were (see Figure 6 for detail):

- *coal*, worth \$A3.7bn or 16% of total Australian coal exports and 18% of all Australian exports to the EU;
- *gold*, worth \$A2.9bn or 32% of total Australian gold exports and 14% of total Australian exports to the EU. Underlying the volatility of gold trade, exports increased by \$2.3bn or nearly 370%;
- *alcoholic beverages – principally wine*, worth \$A1.3bn and accounting for 46% of total Australian wine exports and 6% of total Australian exports to the EU.

Other **star performers** in terms of Australia's merchandise exports to the EU included:

- *nickel ores*, which increased in value by 206% on the previous calendar year to be worth \$A855mn (or 63% of total Australian exports of this item);
- *combustion engines*, which increased 115% in value to \$A181mn, or 22% of total Australian exports of this item;
- *leather*, which saw a 171% increase in value to be worth \$A145mn, or 36% of total Australian leather exports.

For the same period, the **three largest import** items into Australia from the EU were (see Figure 6 for detail):

- *medicaments (including veterinary)*, worth \$A4.1bn, or two-thirds of Australia's total imports of this item and 11% of all imports from the EU;
- *passenger motor vehicles*, worth \$A2.8bn, or 22% of imports of this item and 8% of total Australian imports in this category; and
- *telecom equipment*, valued at \$A1.2bn, or over 20% of total imports of this item, and 3% of total imports.

Amongst merchandise imports from the EU, other **star performers** for 2006 included:

- *gas pumps*, which increased by 36% in value on the previous calendar year to a total of \$A590mn, or 36% of all Australian imports of this item;
- *goods vehicles*, increasing 30% in value to account for 16% of all Australian imports of goods vehicles, or \$A724mn; and
- *non-electrical machinery*, which increased 23% in value to \$A473mn, accounting for 45% of all Australian imports of this item.

**Figure 5 – Merchandise trade with the EU's 25 Member States, 2006**

	Value (\$A mn)					Share of total (%)		% change 2006 on	
	2002	2003	2004	2005	2006	2002	2006	2004	2002 <sup>1</sup>
<b>Exports</b>									
Austria	38	55	68	66	76	0.3	0.4	15.2	16.8
Belgium / Luxemb.	948	693	741	994	1,098	6.3	5.4	10.5	6.8
Cyprus	13	11	11	10	15	0.1	0.1	50.0	1.9
Czech Republic	77	69	78	65	100	0.5	0.5	53.8	4.7
Denmark	118	153	165	185	204	0.8	1.0	10.3	13.7
Estonia	1	1	2	2	10	0.0	0.0	400.0	69.9
Finland	430	530	561	628	1,400	2.9	6.9	122.9	28.8
France	1,421	994	948	1,104	1,257	9.5	6.2	13.9	-1.4
Germany	1,607	1,299	1,344	1,383	1,414	10.7	7.0	2.2	-1.9
Greece	49	51	62	103	51	0.3	0.3	-50.5	8.4
Hungary	25	25	16	21	25	0.2	0.1	19.0	-1.7
Ireland	185	173	196	154	161	1.2	0.8	4.5	-3.9
Italy	2,043	1,588	1,411	1,499	1,818	13.6	9.0	21.3	-2.9
Latvia	7	6	11	10	12	0.0	0.1	20.0	17.2
Lithuania	2	7	10	8	3	0.0	0.0	-62.5	9.9
Malta	14	12	12	5	46	0.1	0.2	820.0	16.2
Netherlands	1,412	1,336	1,539	2,182	2,828	9.4	14.0	29.6	20.7
Poland	15	19	28	50	43	0.1	0.2	-14.0	36.0
Portugal	69	61	33	45	64	0.5	0.3	42.2	-4.6
Slovak Republic	12	9	3	6	1	0.1	0.0	-83.3	-41.6
Slovenia	17	12	11	12	14	0.1	0.1	16.7	-3.8
Spain	691	670	684	996	1,140	4.6	5.6	14.5	15.0
Sweden	205	221	250	409	364	1.4	1.8	-11.0	19.3
United Kingdom	5,607	7,403	5,056	4,970	8,117	37.4	40.1	63.3	3.5
<i>EU- 25 total</i>	<i>15,006</i>	<i>15,400</i>	<i>13,241</i>	<i>14,908</i>	<i>20,262</i>	<i>100.0</i>	<i>100.0</i>	<i>35.9</i>	<i>5.8</i>
<b>Imports</b>									
Austria	663	768	834	973	1,014	2.2	2.8	4.2	11.5
Belgium / Luxemb.	996	1,190	1,209	1,354	1,568	3.3	4.3	15.8	10.9
Cyprus	4	5	2	4	5	0.0	0.0	25.0	2.3
Czech Republic	107	121	163	179	202	0.4	0.6	12.8	18.1
Denmark	749	784	978	945	1,030	2.5	2.8	9.0	8.6
Estonia	2	4	14	17	14	0.0	0.0	-17.6	70.6
Finland	667	648	734	834	798	2.2	2.2	-4.3	6.3
France	3,233	3,819	4,424	4,995	4,127	10.9	11.3	-17.4	7.9
Germany	7,337	8,029	8,196	8,705	8,991	24.6	24.6	3.3	5.0
Greece	419	141	138	144	152	1.4	0.4	5.6	-18.2
Hungary	171	136	156	200	241	0.6	0.7	20.5	11.3
Ireland	1,555	1,631	1,818	1,963	1,837	5.2	5.0	-6.4	5.3
Italy	3,786	4,122	4,425	4,354	4,485	12.7	12.3	3.0	4.0
Latvia	2	2	1	3	2	0.0	0.0	-33.3	4.1
Lithuania	5	8	12	16	32	0.0	0.1	100.0	55.4
Malta	5	11	10	12	16	0.0	0.0	33.3	27.3
Netherlands	1,194	1,207	1,256	1,277	1,398	4.0	3.8	9.5	3.8
Poland	87	99	205	340	196	0.3	0.5	-42.4	33.1
Portugal	219	200	184	162	137	0.7	0.4	-15.4	-10.9
Slovak Republic	12	19	22	24	46	0.0	0.1	91.7	33.9
Slovenia	50	57	54	60	59	0.2	0.2	-1.7	3.9
Spain	917	1,047	1,278	1,287	1,380	3.1	3.8	7.2	10.8
Sweden	1,737	1,798	1,798	2,072	2,506	5.8	6.9	20.9	9.1
United Kingdom	5,846	5,454	5,752	6,188	6,227	19.6	17.1	0.6	2.6
<i>EU 25 total</i>	<i>29,765</i>	<i>31,299</i>	<i>33,663</i>	<i>36,111</i>	<i>36,476</i>	<i>100.0</i>	<i>100.0</i>	<i>1.0</i>	<i>5.7</i>

Source: Australian Bureau of Statistics

**Figure 6: Australia's principal exports from EU25<sup>1</sup>**

Item	(\$Amn)					Share of total (%)		% change 2006 on	
	2002	2003	2004	2005	2006	Total item	Total EU	2005	2002 <sup>2</sup>
1 Coal	2,048	1,687	1,943	3,387	3,672	15.8	18.1	8.4	20.5
2 Gold	1,298	2,701	1,019	623	2,921	31.9	14.4	368.7	1.6
3 Alcoholic beverages	1,169	1,063	1,283	1,274	1,301	45.5	6.4	2.2	4.0
4 Other ores	417	309	351	403	1,029	27.2	5.1	155.5	23.0
5 Special transactions	536	1,197	392	239	967	35.8	4.8	304.5	-4.2
6 Nickel ores	257	286	284	279	855	62.8	4.2	206.4	26.9
7 Medicaments	399	448	617	763	519	16.8	2.6	-32.0	11.2
8 Wool	1,052	796	592	419	453	19.1	2.2	8.1	-20.8
9 Iron ore	307	299	284	397	396	2.7	2.0	-0.3	8.2
10 Lead	192	170	220	314	273	43.5	1.3	-13.1	14.2
11 Nickel	53	20	90	83	264	26.6	1.3	216.2	58.6
12 Medical instruments	120	140	146	181	196	22.8	1.0	8.3	13.3
13 Measuring instruments	205	202	283	276	195	25.2	1.0	-29.2	2.2
14 Combustion engines	30	28	40	84	181	22.2	0.9	115.0	59.8
15 Miscellaneous manuf. articles	54	68	101	121	170	43.4	0.8	40.0	33.4
16 Meat (excl. bovine)	153	145	170	165	160	7.6	0.8	-2.6	2.2
17 Aircraft & parts	717	198	164	110	146	23.8	0.7	32.5	-31.4
18 Leather	5	12	20	54	145	35.8	0.7	170.9	131.9
19 Elec. circuits equip.	159	164	128	107	145	32.6	0.7	35.7	-6.0
20 Metallic salts	60	77	91	108	135	51.2	0.7	25.6	21.6

**Figure 7: Australia's principal imports from EU25<sup>1</sup>**

	(\$Amn)					Share of total (%)		% change 2006 on	
	2002	2003	2004	2005	2006	Total item	Total EU	2005	2002 <sup>2</sup>
1 Medicaments	3,067	3,196	3,876	4,087	4,053	66.8	11.1	-0.8	8.4
2 Passenger vehicles	2,642	2,880	2,771	3,001	2,796	22.2	7.7	-6.8	1.6
3 Telecom. equipment	833	827	763	855	1,236	20.1	3.4	44.5	8.6
4 Measuring instruments	575	621	739	801	865	36.6	2.4	8.0	11.3
5 Aircraft & parts	779	1,085	1,688	1,919	860	25.4	2.4	-55.2	8.0
6 Civil eng. equip.	418	390	522	721	815	28.6	2.2	12.9	21.6
7 Specialised machinery	465	549	669	758	775	48.6	2.1	2.2	14.4
8 Goods vehicles	311	348	419	559	724	15.6	2.0	29.4	24.1
9 Paper & paperboard	707	772	748	697	692	33.7	1.9	-0.7	-1.4
10 Mechanical hand. equip.	350	493	524	613	685	40.8	1.9	11.8	16.9
11 Vehicle parts	484	551	563	652	656	27.5	1.8	0.7	8.1
12 Gold	3	5	20	490	614	10.6	1.7	25.3	353.5
13 Pumps for gas	454	408	481	435	590	36.0	1.6	35.8	6.1
14 Other food products	395	459	496	527	577	47.5	1.6	9.4	9.4
15 Pharm. products	493	657	646	631	566	46.6	1.6	-10.4	2.4
16 Other elec. mach.	468	483	475	544	504	23.9	1.4	-7.3	2.7
17 Alcoholic beverages	377	367	384	382	484	54.3	1.3	26.7	5.6
18 Non-electrical mach.	351	374	384	386	473	44.4	1.3	22.7	6.5
19 Organo-inorganic comp.	436	481	385	408	465	26.6	1.3	13.8	-0.4
20 Elec. circuits equip.	413	416	468	473	460	34.1	1.3	-2.7	3.5

Source: DFAT, *Personal Communication*<sup>1</sup> at three digit SITC level; <sup>2</sup> trend change