

# 10 Facts about Australian Trade



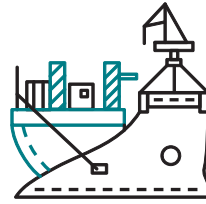
## More money in the pockets of Australians



▲ **\$3900**  
BETTER OFF A YEAR

Tariff cuts have boosted Australia's GDP by 2.5 to 3.5 per cent. This translates to an extra \$2700 to \$3900 in real income each year for the average family.<sup>1</sup>

## Trade accounts for 40% of Australia's GDP



**\$662 billion**  
EXPORTS/IMPORTS  
2015-16

Australia's international trade was worth **\$662 billion in 2015-16**. That means trade is integral to our economy.<sup>2</sup>

## Millions of Australian jobs rely on trade



**1 in 5**  
JOBS

**2.7 million Australian jobs rely on trade.** That's one in every five jobs – from factory workers, farmers and shop assistants to truck drivers, hospitality workers and university lecturers.<sup>3</sup>

## Australian exports are worth hundreds of billions



**18.9%**  
SHARE OF GDP  
2015-16

Australia earned **\$312.3 billion from exports of goods and services in 2015-16**. That represents 18.9 per cent of GDP, or nearly one in every five dollars of our economic output.<sup>4</sup>

## Trade boosts production and improves efficiency



**\$93 billion**  
PROCESSED & MANUFACTURED  
EXPORTS 2015-16<sup>5</sup>

By selling into export markets, Australian businesses gain economies of scale. This allows more investment in local value-adding – from meat processing and food production to manufacturing and wine-making.

## Trade delivers higher wages, better job security



▲ **11.5%**  
HIGHER WAGES

Australian exporters pay employees **11.5 per cent more on average than non-exporters**. They create more jobs and are less likely to suffer business failure.<sup>6</sup>

## Consumers benefit from lower prices, more choice



**3x variety**  
PRODUCT LINES  
US, 1972-2001

Trade growth tripled the variety of imported products to the United States in recent decades.<sup>7</sup> Australia will have benefited from similar increases in consumer choice due to growth in trade.

## Tariffs hit low income earners hardest



**▼ 63%**  
PURCHASING  
POWER

Shutting off trade would cut the purchasing power of the poorest 10 per cent of income earners by **63 per cent**. By contrast people on high incomes would lose 28 per cent of their spending power.<sup>8</sup>

## Trade has helped slash global poverty



**1 billion**  
PEOPLE OUT OF  
POVERTY

Merchandise trade rose from 30 per cent of world GDP in 1990 to around 50 per cent in 2012. During this period more than a billion people worldwide were lifted out of extreme poverty.<sup>9</sup>

## Freeing up trade will boost Australia's economy



**▲ 6.9%**  
POTENTIAL  
GDP GROWTH

Halving trade barriers in G20 nations would boost Australia's exports by 28 per cent, GDP by 6.9 per cent, employment by over 2 per cent and wages by over 4 per cent.<sup>10</sup>

**The bottom line** Trade boosts growth, supports millions of Australian jobs, gives consumers lower prices and more choice, gives workers higher wages, forges more competitive industries and lifts people out of poverty.

Supported by:



## Endnotes

- <sup>1</sup> Centre for International Economics, *Benefits of trade and trade liberalisation*, Report for the Department of Foreign Affairs and Trade, May 2009.
- <sup>2</sup> Department of Foreign Affairs and Trade, *Composition of Trade Australia 2015-16*, ABS 5206.0.
- <sup>3</sup> Centre for International Economics, *Benefits of trade and trade liberalisation*, Report for the Department of Foreign Affairs and Trade, May 2009.
- <sup>4</sup> Department of Foreign Affairs and Trade, *Composition of Trade Australia 2015-16*, ABS 5206.0.
- <sup>5</sup> Department of Foreign Affairs and Trade, *Composition of Trade Australia 2015-16*, ABS 5206.0.
- <sup>6</sup> R Tuhin and J A Swanepoel, *Export behaviour and business performance: Evidence from Australian microdata*, Department of Industry, Innovation and Science, Research Paper, Feb 2017.
- <sup>7</sup> C Broda and D E Weinstein, 'Globalization and the Gains from Variety', *Quarterly Journal of Economics*, 2006, 121(2), pp. 541-85.
- <sup>8</sup> P D Fajgelbaum and A K Khandelwal, 'Measuring the Unequal Gains from Trade', *Quarterly Journal of Economics*, 2016, 131(3), pp. 1113-1180.
- <sup>9</sup> M Cruz, J Foster, B Quillin and P Schellekens, *Ending extreme poverty and sharing prosperity: Progress and policies*, World Bank Policy Research Note, Oct 2015, p 2. A Revenga and A Gonzalez, 'Trade has been a global force for less poverty and higher incomes', World Bank, 2017, Let's Talk Development website.
- <sup>10</sup> P Dee, J Francois, M Manchin, H Norberg, H K Nordass, F V Tongeren, 2011, *The Impact of Trade Liberalisation on Jobs and Growth: Technical Note*, OECD Trade Policy Working Papers, No. 107, OECD Publishing, 2011, p. 32, pp. 46-9.