

COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S DATED 21-02-2024
INDIA-AUSTRALIA BILATERAL TRADE RELATIONS

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Commonwealth of Australia occupies the whole of the island continent of Australia, lying between the Indian and Pacific Oceans, and its offshore islands, principally Tasmania to the southeast. Australia's nearest neighbour is Papua New Guinea, to the north. Australia is a member of the UN, the Commonwealth, OECD (The Organization for Economic Cooperation and Development).

2. Australia's high-income mixed-market economy is rich in natural resources. As per available report of IMF Executive Board Concludes 2023 Article IV Consultation with Australia dated January 18, 2024, Australia's post-pandemic recovery remained strong. However, growth is weakening on the heels of tighter macroeconomic policies and financial conditions. The economy remains resilient in the near term but confronts a sustained slowdown in productivity growth risk. Financial stability risks remain contained despite pockets of vulnerability and higher risks related to global financial conditions. Executive Directors welcomed the authorities' progress on fiscal consolidation and commitment to debt sustainability. Directors also recognized the measures taken to contain spending growth and underscored the importance of well-targeted support for vulnerable households. Implementing public investment projects at a more measured pace would also support disinflation efforts.

.A snapshot of Australia's select economic indicators is as under.

TABLE 1

Table 1. Australia: Main Economic Indicators, 2018-2028											
(Annual percent change, unless otherwise indicated)											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
											Projections
NATIONAL ACCOUNTS											
Real GDP	2.8	1.9	-1.8	5.2	3.7	1.8	1.4	2.0	2.2	2.3	2.3
Domestic demand	2.7	1.2	-2.2	6.0	4.7	1.7	1.2	2.0	2.2	2.3	2.3
Private consumption	2.4	1.1	-5.8	5.0	6.5	1.2	0.8	2.0	2.7	2.9	2.9
Public consumption	4.1	6.2	7.7	5.4	5.2	0.9	0.8	0.9	0.6	0.5	0.6
Investment	2.3	-2.5	-2.8	10.5	1.2	4.0	2.6	3.3	2.9	2.8	2.8
Public	2.7	2.1	-0.6	7.0	3.5	9.0	3.0	2.2	0.9	0.4	0.4
Private business	2.6	-0.8	-3.8	8.9	3.9	6.7	4.0	4.7	4.1	3.9	3.7
Dwelling	4.3	-7.2	-5.6	9.9	-3.5	-2.2	-0.7	1.5	2.5	2.6	2.8
Net exports (contribution to growth, percentage points)	0.4	1.0	0.1	-1.4	-1.6	1.1	0.2	0.0	0.0	0.0	0.0
Gross domestic income	3.3	3.2	-1.9	8.9	5.2	0.1	-0.7	1.8	2.2	2.3	2.4
Investment (percent of GDP) 1/	24.2	22.6	22.3	23.1	23.3	23.8	24.8	25.0	25.2	25.3	25.4
Public	5.1	5.1	5.2	5.0	5.0	5.6	5.9	5.9	5.8	5.7	5.6
Private	18.9	17.6	17.3	18.0	17.7	18.3	18.9	19.2	19.4	19.6	19.8
Savings (gross, percent	22.0	23.1	24.5	26.2	24.7	24.4	24.3	24.5	24.6	24.6	24.7

of GDP)											
Households	9.3	9.9	17.0	14.6	10.3	8.0	8.2	9.1	8.9	9.5	9.3
Potential output	2.4	2.3	1.3	1.5	1.9	2.0	2.1	2.3	2.1	2.3	2.4
Output gap (percent of potential)	-0.7	-1.0	-4.0	-0.5	1.2	1.1	0.4	0.0	0.1	0.1	0.0
LABOR MARKET											
Employment	2.7	2.3	-1.6	3.1	4.3	2.2	1.1	1.5	1.5	1.7	1.6
Unemployment (percent of labor force)	5.3	5.2	6.5	5.1	3.7	3.7	4.2	4.4	4.6	4.6	4.6
Wages (nominal percent change)	2.1	2.3	1.6	2.0	3.0	4.2	4.1	4.0	3.7	3.6	3.0
PRICES											
Terms of trade index (goods, avg)	83	90	90	109	120	108	96	95	95	95	95
% change	3.2	8.4	0.3	21.4	9.6	-9.9	-11.3	-0.8	-0.1	-0.1	0.2
Iron ore prices (index)	101	135	156	228	174	161	137	124	114	109	105
Consumer prices (avg)	1.9	1.6	0.9	2.8	6.6	5.8	4.0	3.2	2.8	2.7	2.6
Core consumer prices (avg)	1.6	1.6	1.2	2.8	5.7	5.5	3.9	3.2	2.8	2.7	2.6
GDP deflator (avg)	2.2	3.2	0.8	5.6	7.9	1.7	0.7	3.0	2.6	2.6	2.6
FINANCIAL											
Reserve Bank of Australia cash rate target (percent, avg)	1.5	1.2	0.3	0.1	1.6	4.0	4.4	4.0	3.5	3.1	3.0
10-year treasury bond yield (percent, avg)	2.6	1.4	0.9	1.6	3.6	3.9	4.3	4.5	4.4	4.1	4.0
Mortgage lending rate (percent, avg)	5.3	4.8	4.5	4.5	7.3	8.3	8.3	8.1	7.6	7.4	7.4
MACRO-FINANCIAL											
Credit to the private sector	4.7	2.5	2.1	7.4	8.4	7.8	4.1	4.3	4.5	4.5	4.6
House prices (% change)	-5.1	2.5	3.6	23.7	-5.6	7.1	5.1	5.2	5.1	5.2	5.2
House price-to-income, capital cities (ratio)	4.3	4.3	4.2	4.9	4.5	4.9	4.7	4.7	4.7	4.6	4.6
Interest payments (percent of disposable income)	8.9	7.0	5.8	5.2	10.8	13.3	12.6	11.9	11.0	10.4	10.4
Household savings (percent of disposable income)	4.6	5.9	15.5	13.1	7.0	2.9	-5.1	-0.3	2.0	3.3	3.4
Household debt (percent of disposable income) 2/	186	185	179	187	187	193	190	183	182	179	179
Business credit (percent of GDP)	50.4	49.1	50.1	48.9	49.3	52.4	54.1	54.5	55.1	55.6	56.1
GENERAL GOVERNMENT (percent of GDP) 3/											
Revenue	35.6	35.7	34.5	35.0	36.0	36.4	37.3	35.6	35.5	35.1	35.1
Expenditure	36.8	36.9	42.1	44.3	40.0	37.2	39.2	38.0	36.9	36.6	36.3
Net lending/borrowing	-1.3	-1.2	-7.7	-9.3	-4.0	-0.8	-1.9	-2.3	-1.4	-1.5	-1.2
Commonwealth only	-0.5	-0.1	-4.8	-6.9	-1.3	1.1	-0.3	-1.3	-1.0	-0.9	-0.7
Operating balance	0.6	0.9	-5.5	-7.0	-1.5	1.5	0.0	-0.6	-0.2	0.0	0.3

Cyclically adjusted primary balance	0.4	0.5	-5.0	-7.1	-2.8	0.0	0.0	-0.3	0.8	0.7	0.9
Gross debt	41.3	42.2	52.7	58.3	53.5	49.5	54.4	55.3	56.0	56.0	55.2
Net debt	23.7	24.5	32.1	38.0	33.7	27.1	31.3	33.4	34.3	34.3	33.9
BALANCE OF PAYMENTS											
Current account (percent of GDP)	-2.2	0.4	2.2	3.0	1.1	0.7	-0.5	-0.6	-0.6	-0.7	-0.6
Export volume	5.1	3.2	-9.7	-2.0	3.4	8.5	2.6	2.0	2.1	2.2	2.3
Import volume	4.3	-1.1	-12.8	5.4	12.9	4.0	2.2	2.4	2.4	2.4	2.4
Net international investment position (percent of GDP)	-57.0	-50.1	-53.0	-38.3	-38.2	-32.5	-32.3	-31.4	-30.5	-29.7	-29.0
Gross official reserves (bn A\$)	76	84	56	81	85	...	...	...	...	...	...
MEMORANDUM ITEMSW											
Nominal GDP (bn A\$)	1,894	1,992	1,971	2,189	2,450	2,536	2,591	2,721	2,853	2,995	3,143
Percent change	5.1	5.2	-1.1	11.0	11.9	3.5	2.2	5.0	4.8	5.0	4.9
Real GDP per capita (% change)	1.3	0.4	-2.8	4.9	2.2	0.8	0.2	0.7	1.0	1.1	1.1
Population (million)	25.1	25.5	25.6	25.8	26.3	26.6	26.9	27.3	27.6	27.9	28.3
Nominal effective exchange rate	90.0	86.3	86.0	90.8	90.3	...	...	...	...	...	...
Real effective exchange rate	90.0	86.0	85.3	90.5	90.7	...	...	...	...	...	...
Sources: Authorities' data; IMF World Economic Outlook database; and IMF staff estimates and projections.											
1/ Includes changes in inventories.											
2/ Reflects the national accounts measure of household debt, including to the financial sector, state and federal governments and foreign overseas banks and governments. It also includes other accounts payable to these sectors and a range of other smaller entities including pension funds.											
3/ Fiscal year ending June.											

Source: IMF Executive Board Concludes 2023 Article IV Consultation with Australia January 18, 2024.

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the four major merchandise export partners of Australia are China, Japan, Korea Rep. and India. On the other hand five major import partners of Australia are China, United States, Japan and Thailand. Major five exported goods of Australia are (i) Non-agglomerated iron ores and concentrates (ii) Bituminous coal, not agglomerated (iii) Natural gas, liquefied (iv) Gold in other semi-manufactured forms and (v) Petroleum oils and oils obtained from bituminous. On the other hand major five imported goods are (i) Petroleum oils, etc, (excl. crude); preparation, (ii) Automobiles with reciprocating piston engine, (iii) Transmission apparatus, for radioteleph incorpo (iv) Diesel powered trucks with a GVW not exceeding and (v) Petroleum oils and oils obtained from bituminous.

4. Australia's total exports in 2018 were of the order of US\$ 256,565 million. it has scaled up to US\$ 410,253 million in 2022 with 8.55% downfall recorded in 2020 and a pick-up by 38.39% in the year 2021. During the period from 2018 to 2022, the annual average compound rate of growth of exports was 12.45%.

5. Australia's total imports in 2018 were of the order of US\$ 235,632 million and which has touched US\$ 309,300 million mark in 2022 after having experienced a decline in the year 2020 pandemic hit-year. During the period from 2018 to 2022, the annual average compound rate of growth of Imports was 7.04%.

6. Australia runs an overall Balance of Trade surplus from 2018 to 2022 and that has scaled upto USD 100,953 million in 2022. During the period from 2018 to 2022, the annual average compound rate of growth of total volume of trade was 9.96%.

A snapshot of Australia’s overall Trade Statistics is presented in **Table 2 and Figure 1 below.**

TABLE 2

AUSTRALIA'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE BETWEEN 2018 TO 2022

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018	256565		235632		4,92,197		20933
2019	270261	5.34	221528	-5.99	4,91,789	-0.08	48733
2020	247159	-8.55	210213	-5.11	4,57,372	-7.00	36946
2021	342036	38.39	261586	24.44	6,03,622	31.98	80450
2022	410253	19.94	309300	18.24	7,19,553	19.21	100953

Annual Compound Growth Rate

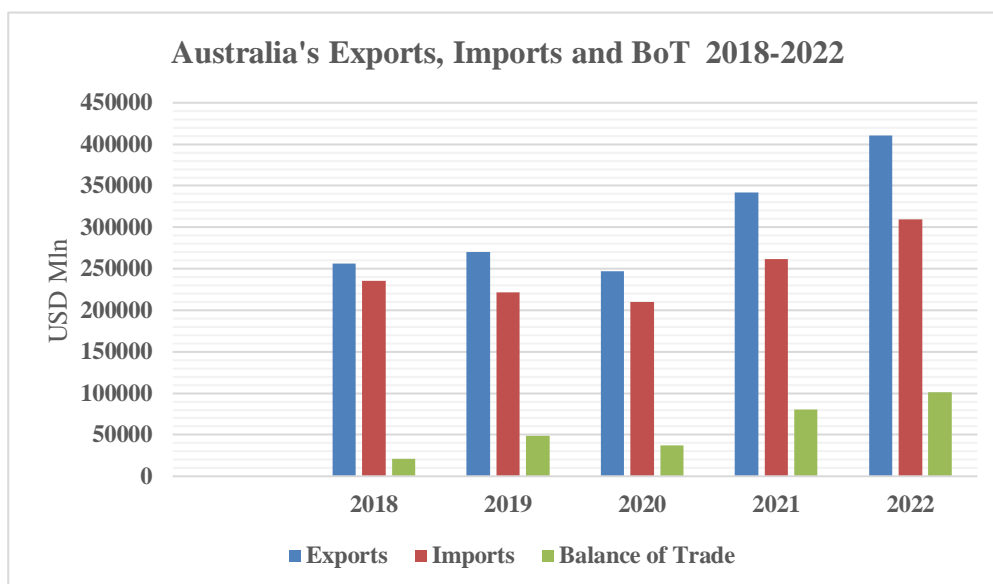
12.45

7.04

9.96

NOTE : Figures relate to calendar year (January to December)

Figure - 1



Merchandise Trade

7. Australia has placed India at the forefront of its international partnerships. Both governments recognise there is significant potential for further cooperation across a broad range of areas. India and Australia had signed and entered into Australia-India Economic Cooperation and Trade Agreement on December 29, 2022.

Australia ranked 21st as an export destination in FY 2022-23 India exports to Australia 1.54 % of its total export value in FY 2022-23. In the same financial year imports from Australia was 2.65% of India's total import value. Australia was the 10th largest import partner of India in FY 2022-23. Almost 2.22% of India's international trade value was between India and Australia as has been recorded in FY 2022-23 as per DGCI&S data base.

8. Indo- Australia total volume of bilateral trade in FY 2018-19 was of the order of US\$ 16,653.70 million. It has scaled up to US\$ 25,962.63 million in FY 2022-23. The annual compound growth rate of total volume of trade during the period from 2018-19 to 2022-23 has been of the order of 11.74%.

9. It appears from the available figures that between 2018-19 and 2022-23, India has had a deficit Balance of Trade with Australia. Exports from India to Australia increased steeply 104.78% in FY 2021-22. The annual average compound rate of growth of Exports was 18.52%. On the other hand, imports from Australia to India increased by 103.16% in FY 2021-22. During the period from 2018-19 to 2022-23, the annual average compound rate of growth of imports was 9.69% vis-a-vis 2019-20 Indian exports to Australia had increased by 41.77% in 2020-21 which was the pandemic hit year, although in the same year India's imports from Australia had a decline of 15.69%.

A snapshot of India's merchandise trade statistics w.r.t. Australia is presented in **Table 3 Figure 2**.

TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. AUSTRALIA
FY 2018-2019 to 2022-2023

(Value in USD Million)

Year	Exports from India to Australia	Percentage Growth in Exports	Imports from Australia to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2018-19	3522.49		13131.21		16653.70		-9608.72
2019-20	2853.16	-19.00	9782.22	-25.50	12635.38	-24.13	-6929.06
2020-21	4044.94	41.77	8247.85	-15.69	12292.79	-2.71	-4202.91
2021-22	8283.13	104.78	16756.17	103.16	25039.30	103.69	-8473.04
2022-23	6951.32	-16.08	19011.31	13.46	25962.63	3.69	-12059.99

Annual Compound Growth Rate	18.52	9.69	11.74
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NOTE : Figures relate to Financial Year (April to March)

SOURCE : DGCI&S, M/oC&I

Figure 2



10. Additionally, **from Tables 4 & 5 presented at Annexure-II** below the following are stated:

a. Petroleum Products, Drugs, Formulations, Biologicals and Electric Machinery And Equipments are occupying the top three slots in India’s exports to Australia in the year 2022-23. Petroleum Products occupying the 43.02% share of export value India to Australia.

b. Coal Coke And Briquettes Etc.; Gold and Bulk Minerals And Ores are the three major commodities in India’s imports list from Australia in the year 2022-23, India’s imports a significant amount of Coal Coke And briquettes Etc . from Australia with a share of 77.39% of total imports from Australia recorded in 2022-230. Australia is one of the leading supplier of Coking coal to India.

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TABLE -4
INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO AUSTRALIA
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Petroleum Products	629.96	353.26	1135.16	4566.94	2991.73	-43.92	221.34	302.32	-34.49
	Share in total export	18.00	12.38	28.06	55.14	43.04				
2	Drugs, Formulations, Biologicals	243.51	247.24	311.16	351.36	383.14	1.53	25.85	12.92	9.04
	Share in total export	6.96	8.67	7.69	4.24	5.51				
3	Electric Machinery And Equipments	114.20	77.65	95.86	123.96	273.07	-32.01	23.45	29.31	120.29
	Share in total export	3.26	2.72	2.37	1.50	3.93				
4	Products Of Iron And Steel	135.30	134.18	176.67	207.22	238.18	-0.83	31.67	17.29	14.94
	Share in total export	3.87	4.70	4.37	2.50	3.43				
5	RMG Cotton Incl. Accessories	116.26	126.03	129.80	184.98	197.29	8.40	2.99	42.51	6.65
	Share in total export	3.32	4.42	3.21	2.23	2.84				
6	Pearl, Precs. Semiprecs. Stones	157.17	130.73	140.17	188.19	182.28	-16.82	7.22	34.26	-3.14
	Share in total export	4.49	4.58	3.47	2.27	2.62				
7	Gold & Other Precs. Metal Jewellery	133.77	125.17	120.37	151.88	157.28	-6.43	-3.83	26.18	3.56
	Share in total export	3.82	4.39	2.98	1.83	2.26				
8	Cotton Fabrics Madeups Etc.	91.53	88.00	120.25	133.64	142.53	-3.86	36.65	11.14	6.65
	Share in total export	2.61	3.08	2.97	1.61	2.05				
9	Agro Chemicals	51.19	42.17	98.30	121.50	116.56	-17.62	133.10	23.60	-4.07
	Share in total export	1.46	1.48	2.43	1.47	1.68				
10	Motor Vehicle/Cars	35.85	44.63	44.04	113.72	105.28	24.49	-1.32	158.22	-7.42
	Share in total export	1.02	1.56	1.09	1.37	1.51				
	Total export to AUSTRALIA	3500.49	2853.16	4044.94	8283.13	6951.32	-18.49	41.77	104.78	-16.08

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM AUSTRALIA
2018-2019 TO 2022-2023 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Imports					Annual Growth Rates			
		2018-19	2019-20	2020-21	2021-22	2022-23	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22
1	Coal Coke, Briquettes Etc.	8976.00	7246.34	5579.02	13044.96	14712.31	-19.27	-23.01	133.82	12.78
	Share in total imports	68.36	74.08	67.64	77.85	77.39				
2	Gold	537.84	335.12	594.71	900.72	966.79	-37.69	77.46	51.46	7.34
	Share in total imports	4.10	3.43	7.21	5.38	5.09				
3	Bulk Minerals And Ores	418.27	214.44	150.48	767.20	638.96	-48.73	-29.83	409.84	-16.72
	Share in total imports.	3.19	2.19	1.82	4.58	3.36				
4	Petroleum Products	641.80	424.89	264.98	127.07	487.83	-33.80	-37.64	-52.05	283.91
	Share in total import	4.89	4.34	3.21	0.76	2.57				
5	Processed Minerals	684.11	308.18	422.60	393.12	303.94	-54.95	37.13	-6.98	-22.69
	Share in total import	5.21	3.15	5.12	2.35	1.60				
6	Cotton Raw Including Waste	58.96	31.25	13.29	66.39	285.92	-47.00	-57.47	399.55	330.67
	Share in total import	0.45	0.32	0.16	0.40	1.50				
7	Pulses	24.06	54.07	83.64	123.73	274.49	124.73	54.69	47.93	121.85
	Share in total import	0.18	0.55	1.01	0.74	1.44				
8	Aluminium, Products Of Aluminium	193.10	130.71	116.22	109.55	135.84	-32.31	-11.09	-5.74	24.00
	Share in total import	1.47	1.34	1.41	0.65	0.71				
9	Wool, Raw	202.10	123.82	54.42	108.55	133.84	-38.73	-56.05	99.47	23.30
	Share in total import	1.54	1.27	0.66	0.65	0.70				
10	Fertilizers Manufactured	0.19	67.37	0.05	47.88	129.19	35357.89	-99.93	95660.00	169.82
	Share in total import	0.00	0.69	0.00	0.29	0.68				
	Total import from AUSTRALIA	13131.21	9782.22	8247.85	16756.17	19011.31	-25.50	-15.69	103.16	13.46

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I