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Australia-China Agricultural Trade: Dynamics and Prospects

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Outline

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- Trade Dynamics
- Trade Complementarity
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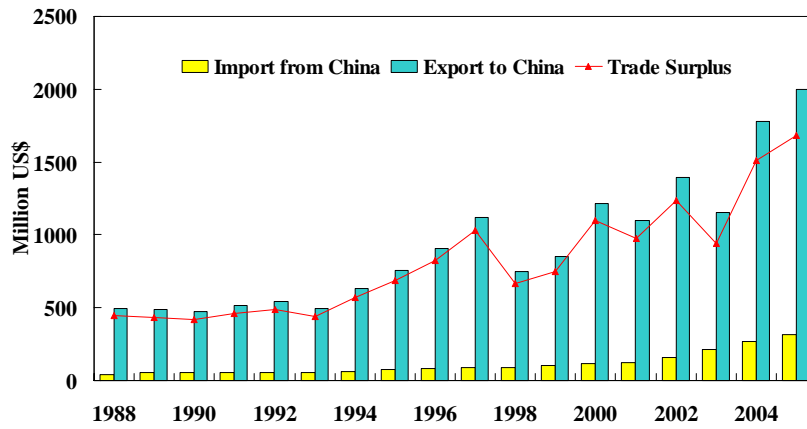
Introduction

- The importance of the Chinese market to Australia
 - Australia's second-largest export market
 - Australia's third-largest agricultural export market
- FTA: opportunity or challenge?

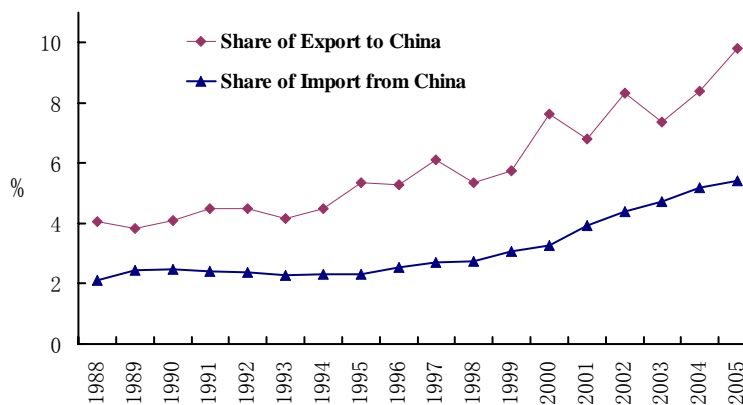
Trade Dynamics

- Australia's agricultural trade with China
- Share
 - Australia-China
 - China-Australia
- Proportion structure
- Trade intensity
- Inter- or intra- industry trade

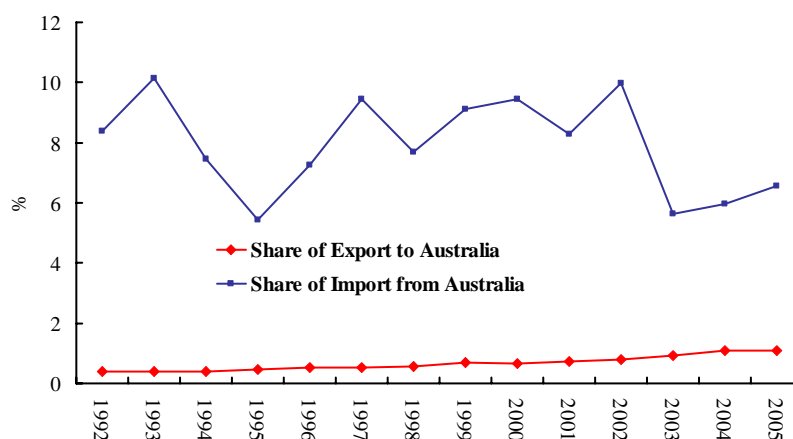
Australia's agricultural trade with China



Share of Australian Agricultural Exports to and Imports from China out of its Total Agricultural Exports



Share of Chinese Agricultural Exports to and Imports from Australia out of its Total Agricultural Exports



Australia Agricultural Imports from China

Code	Item	1990	1995	2000	2004	2005
0	Food and live animals	70.82	74.74	73.35	84.49	83.15
03	Fish, crustaceans, mollusc	5.84	12.11	9.30	21.16	22.27
036	Crustaceans, molluscs etc	2.69	6.55	3.84	15.37	15.65
04	Cereals and cereal preparations	3.38	4.57	10.35	10.63	9.51
048	Cereal preparations	3.13	4.47	9.76	9.21	8.98
05	Vegetables and fruit	38.54	37.10	34.97	29.98	29.53
054	Vegetables	2.73	4.45	5.95	5.35	5.41
057	Fruit, nuts ecl. oil nuts	10.97	8.42	4.77	4.21	3.82
06	Sugars, sugar preparations and honey	1.07	1.67	4.92	8.82	9.24
062	Sugars confections	0.57	1.05	4.18	7.14	7.31
09	Miscellaneous edible products and preparations	7.17	12.63	10.06	9.10	7.77
098	Edible prod. prepryns, nes	7.15	12.63	10.06	9.09	7.77
1	Beverages and tobacco	0.79	2.90	9.07	5.77	6.75
12	Beverages	0.27	2.64	8.79	4.38	5.76
29	Crude animal and vegetable materials	7.81	12.81	9.22	4.86	4.22

Australia Agricultural Exports to China

Code	Item	1990	1995	2000	2004	2005
0	Food and live animals	67.33	6.61	20.03	22.60	20.21
00	Live animals	0.24	0.02	0.56	5.78	2.33
01	Meat and meat preparations	0.58	2.22	1.88	2.94	2.63
02	Dairy products and birds' eggs	0.44	0.65	1.86	2.61	2.01
03	Fish, crustaceans, mollusc	0.20	0.98	1.58	3.16	4.60
04	Cereals and cereal preparations	65.54	0.36	12.56	6.37	6.86
043	Barley	22.19	0.00	12.49	5.95	6.10
4	Animal and vegetable oils, fats and waxes	2.14	5.65	3.62	6.07	4.29
21	Hides, skins and furskins, raw	0.27	4.67	6.47	7.91	6.50
26	Textile fibres	28.38	81.28	53.48	60.14	65.03
263	Cotton	5.61	3.72	0.97	8.71	14.29
268	Wool and other animal hair	22.75	77.36	52.41	51.43	50.74
29	Crude animal and vegetable materials	1.86	1.70	1.74	2.85	2.70

Trade Intensity from Australia to China, 3 digit

Code	Item	1995	2000	2003	2004
011	BOVINE MEAT	6.625	3.561	4.394	5.623
022	MILK AND CREAM	1.574	1.649	2.471	1.704
034	FISH, FRESH, CHILLED, FROZN	0.223	0.217	0.389	0.440
036	CRUSTACEANS, MOLLUSCS ETC	1.008	1.322	2.568	2.811
041	WHEAT, MESLIN, UNMILLED	0.000	0.027	0.100	0.011
043	BARLEY, UNMILLED	0.000	3.645	2.694	0.933
046	MEAL, FLOUR OF WHEAT, MSLN	0.000	0.000	0.235	4.768
054	VEGETABLES	0.225	0.450	0.062	0.277
061	SUGARS, MOLASSES, HONEY	0.127	1.581	1.047	0.866
071	COFFEE, COFFEE SUBSTITUTE	1.721	3.246	3.462	6.457
211	HIDES, SKINS (EX. FURS), RAW	1.596	1.948	1.425	1.176
263	COTTON	0.364	0.742	0.521	0.749
268	WOOL, OTHER ANIMAL HAIR	1.522	1.464	1.842	1.918
292	CRUDE VEG. MATERIALS, NES	0.581	1.456	3.397	2.745
411	ANIMAL OILS AND FATS	3.850	3.798	5.514	7.630

Australia-China Intra-Industry Trade, at the 2-digit level

Code	Item	1990	1995	2000	2004	2005
00	LIVE ANIMALS	0.000	0.000	0.009	0.000	0.000
01	MEAT, MEAT PREPARATIONS	0.023	0.005	0.021	0.019	0.022
02	DAIRY PRODUCTS, BIRD EGGS	0.000	0.099	0.015	0.204	0.207
03	FISH, CRUSTACEANS, MOLLUSC	0.460	0.920	0.715	0.993	0.868
04	CEREALS, CEREAL PREPRTNS.	0.012	0.910	0.144	0.403	0.360
05	VEGETABLES AND FRUIT	0.024	0.063	0.237	0.140	0.192
06	SUGAR, SUGR. PREPTNS, HONEY	0.000	0.177	0.723	0.149	0.156
07	COFFEE, TEA, COCOA, SPICES	0.192	0.896	0.740	0.776	0.423
08	ANIMAL FEED STUFF	0.010	0.262	0.369	0.304	0.284
09	MISC. EDIBLE PRODUCTS ETC	0.132	0.122	0.376	0.374	0.385
11	BEVERAGES AND TOBACCO	0.337	0.414	0.514	0.750	0.410
21	HIDES, SKINS, FURSKINS, RAW	0.027	0.000	0.000	0.000	0.000
22	OIL SEED, OLEAGINUS FRUIT	0.005	0.011	0.081	0.263	0.791
26	TEXTILE FIBRES	0.010	0.001	0.001	0.004	0.010
29	CRUDE ANIMAL, VEG. MATERL.	0.642	0.837	0.666	0.411	0.397
41	ANIMAL OILS AND FATS	0.000	0.000	0.000	0.002	0.003
42	FIXED VEG. FATS AND OILS	0.000	0.036	0.217	0.622	0.272

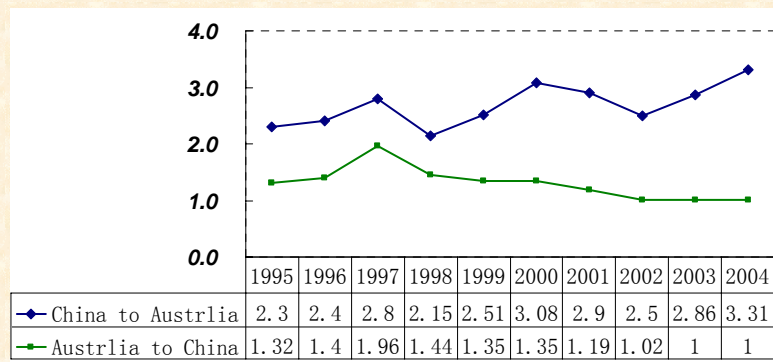
Trade Complementarity

- The Revealed Comparative Advantage
- Trade Complementarity Index

Revealed Comparative Advantage, 3 digit

Code	Item		2000	2001	2002	2003	2004
011	BOVINE MEAT	A	4.238	5.398	5.364	5.492	5.339
		C	0.048	0.076	0.042	0.025	0.044
034	FISH,FRESH,CHILLED,FROZN	A	0.286	0.285	0.310	0.326	0.203
		C	1.528	1.836	1.787	1.874	2.168
041	WHEAT, MESLIN, UNMILLED	A	4.334	4.297	4.166	3.510	5.015
		C	0.000	0.091	0.119	0.432	0.166
042	RICE	A	1.090	0.962	0.453	0.346	0.144
		C	2.691	1.727	1.829	2.102	1.075
043	BARLEY, UNMILLED	A	3.850	3.062	6.240	4.724	10.850
		C	0.001	0.001	0.001	0.007	0.005
054	VEGETABLES	A	0.533	0.517	0.479	0.354	0.359
		C	1.742	1.899	1.846	1.879	1.964
211	HIDES,SKINS(EX.FURS),RAW	A	2.036	2.261	2.072	2.947	2.934
		C	0.038	0.037	0.045	0.026	0.010
263	COTTON	A	3.351	3.800	3.344	2.600	1.959
		C	1.163	0.305	0.773	0.430	0.044
268	WOOL, OTHER ANIMAL HAIR	A	11.128	11.532	12.745	12.778	11.498
		C	2.226	2.006	2.015	2.199	2.453

Agricultural Trade Complementarity between Australia and China



Trade Prospects

- Strong complementarity
- Further expansion is desirable and possible
- Agricultural trade surplus in favour of Australia
- Both countries will benefit from the proposed FTA

Concluding Comments

- Chinese market is very important to Australia
- More efforts are needed to secure shares in the Chinese market
- FTA should be pursued by both sides

Thank you for your attention