Prospects for, and opportunities from, an Australia-China Free Trade Agreement*

Charles Harvie
School of Economics and Information Systems
Faculty of Commerce
University of Wollongong
Wollongong
NSW
Australia 2522

Telephone: +61 242 213702
Fax: +61 242 213725
Email: charvie@uow.edu.au

Abstract

Australia is the only major developed economy currently negotiating an FTA with China, presenting a unique opportunity for the two countries to forge stronger economic and trade links. From an Australian perspective this presents considerable economic opportunities to engage with a country that contributed more than a quarter of the world's economic growth in the past two years. The Australian government sees this as a major opportunity of gaining not only new market access for its resource sector, farmers, manufacturers and service providers, but also consolidating Australia's existing position in this vital market. Market access negotiations with China are due to begin in the second half of 2006. From a Chinese perspective it presents the opportunity of establishing a secure source of supply of minerals and energy upon which the future growth of its rapidly developing manufacturing sector will depend, as well as expanding its export markets for such products. To date, four negotiating meetings have already taken place to exchange information about each country's trade and investment regimes, and to examine how best to deal with areas of interest in an FTA.

The huge market potential in China is seen as a crucial reason why Australia cannot stand still while its competitors negotiate FTAs with China. In a key sector of the economy Australia has experienced a trebling of agricultural exports to China over the past decade, now worth more than $3 billion to Australian farmers. This comes on the back of Australia's record export high $176.7 billion exports to China in 2005 fuelled by resource exports. In fact, more than most economies, Australia stands to make significant economic gains from the establishment of an FTA because of the obvious complementary nature of both economies.

While Australia's trading strategy places emphasis on successful outcomes under the Doha Round of trade negotiations in the World Trade Organization, slow progress has stimulated interest and greater activity in the establishment of FTAs. The Australian government has successfully negotiated free trade agreements with the United States (2004), Thailand, Singapore as well as the long established CER with New Zealand dating back to the 1970s.

The paper reviews the current trading and investment relationship between China and Australia, identifies trade complementarities and sectoral revealed comparative advantages, and identifies key trade and investment opportunities for Australian and Chinese businesses. The paper concludes that there are numerous such opportunities of mutual benefit for both these countries.

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1. Introduction and overview

Australia is the only major developed economy currently negotiating an FTA with China, providing a unique opportunity for both countries to forge stronger economic and trade links. This reflects strong bilateral relations between the two countries over thirty years covering areas such as aid, trade and economic cooperation, resources, defence, regional security and disarmament, human rights and consular matters. Australia and China enjoy strong and wide-ranging economic complementarities which bolster economic and trade ties. China is Australia's second-largest merchandise trading partner (see below), services exports to China are also growing. The Trade and Economic Framework (TEF) signed in October 2003 provided a basis and benchmark for the further development of this trade and economic relationship covering a period of a decade. Importantly, the TEF included a commitment by both Governments to undertake a joint Free Trade Agreement (FTA) feasibility study, which was completed in March 2005. The study concluded that the negotiation of an FTA would result in significant economic benefits for both Australia and China. On 18 April, Prime Minister John Howard and Premier Wen Jiabao agreed that Australia and China would commence negotiations on a Free Trade Agreement**.** The first round of negotiations on the FTA was held in Sydney on 23 May 2005.

From an Australian perspective the prospect of an FTA with China presents considerable economic opportunities for its resource sector, farmers, manufactures and service providers to engage with a country that contributed more than a quarter of the world's economic growth in the past two years. The Australian government sees this as a major opportunity of gaining not only new market access but about consolidating Australia's existing position in this vital market. Market access negotiations with China are due to begin in the second half of 2006. Since May 2005 four negotiating meetings have already taken place to exchange information about each country's trade and investment regimes, and to examine how best to deal with areas of interest in an FTA. More recently, on a visit to Australian in April 2006, Chinese Premier Wen Jiabao called for a fast tracking of FTA negotiations between the two countries, and for key obstacles to be resolved by 2008 although a number of difficult issues remain. These relate, from an Australian perspective, to issues of market access for farmers, manufacturers and service providers, and to Australian investment in China.

The huge market potential in China is seen as a crucial reason why Australia cannot stand still while its competitors negotiate FTAs with China. In a key sector of the economy Australia has experienced a trebling of agricultural exports to China over the past decade, now worth more than $3 billion to Australian farmers. This comes on the back of Australia's record export high $176.7 billion exports to China in 2005 fuelled by resource exports. In fact, more than most economies, Australia stands to make significant economic gains from the establishment of an FTA because of the obvious complementary nature of both economies.

While Australia's trading strategy places emphasis on successful outcomes under the Doha Round of trade negotiations in the World Trade Organization, slow progress has stimulated interest and greater activity in the establishment of FTAs. The Australian government has successfully negotiated free trade agreements with the United States

(2004), Thailand, Singapore as well as the long established CER with New Zealand dating back to the 1970s. Hence, there is an obvious logicality in negotiating an FTA with its second most important merchandise trading partner – China.

The paper proceeds as follows. In section 2 a review of the current trading and investment relationship between China and Australia is conducted. Section 3 highlights the complementary nature of the trading relationship between the two economies, confirming this on the basis of their Revealed Comparative Advantages, and the consequential potential trade benefits. Section 4 highlights key areas for trade and business opportunities for Australian and Chinese businesses. Finally, section 5 presents a summary of the major conclusions from this paper.

2. Australia-China Bilateral Economic and Trade Relationship – an overview

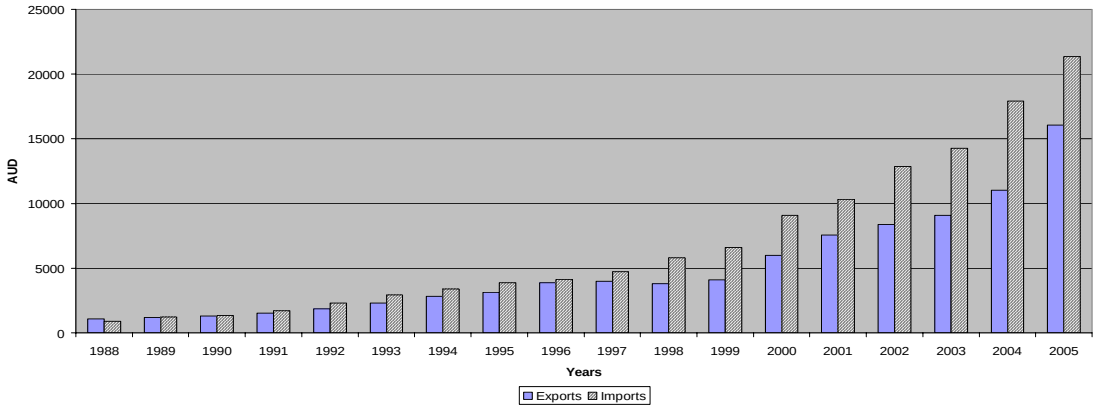
Merchandise trade

Over the past 20 years growth in merchandise trade between China and Australia has grown rapidly (see Figure 1). Australian exports to China amounted to only AUD1.1 billion in 1988 while imports from China amounted to only AUD0.9 billion. By 2005 these figures were AUD16.1 billion and AUD21.3 billion, respectively. In terms of the relative importance of merchandise trade between the two countries we can make the following observations. From an Australian perspective, for the period 2004-05, China was its second largest trading partner with total bilateral merchandise trade flows worth AUD32.8 billion. Total merchandise exports grew to AUD13 billion in 2004-05 (see Table 1), 30.5 per cent higher than the previous year, driven by 50 per cent increases in iron ore and coal exports and a 57 per cent increase in copper and copper ore exports. This growth is remarkable given that these commodities were already among Australia's largest exports to China. Merchandise imports from China totalled AUD19.8 billion (see Table 1) in 2004-05, led by clothing, computers, footwear, toys, games and other manufactured goods. In 2004-05 China was Australia's second largest export market (AUD13 billion) contributing 10.2 per cent of total exports, and China was Australia's second largest source of imports (AUD19.8 billion) contributing 13.3 per cent of total imports. From a Chinese perspective, for the period 2004-05, Australia was its eleventh largest merchandise trading partner, its eleventh largest import source and eleventh largest export destination. The merchandise trade balance is generally in favour of China, and the growth of this deficit has increased dramatically since 1998 (see Figure 2).

From Table 2 it can be seen that in 2004 the major resource exports (in order of importance - iron ore, crude petroleum, coal, other ores, aluminium, copper ores, and copper) accounted for 39.6 per cent of total merchandise exports. China now consumes almost half of Australia's iron ore exports and 20 per cent of Australia's mineral exports. Over the past decade Australia's exports of copper concentrates to China has risen tenfold, lead concentrate exports 97 fold, zinc concentrates 24 fold and oil exports, even before LNG exports begin, sevenfold. In addition to this, China is also an important market for Australian agricultural products. Agricultural exports (in order of importance - wool, cotton, hides and skins and barley) contributed a further 16.6 per cent of total merchandise exports in 2004 (see Table 2). Hence resource and agricultural exports contributed AUD6.2 billion in merchandise exports

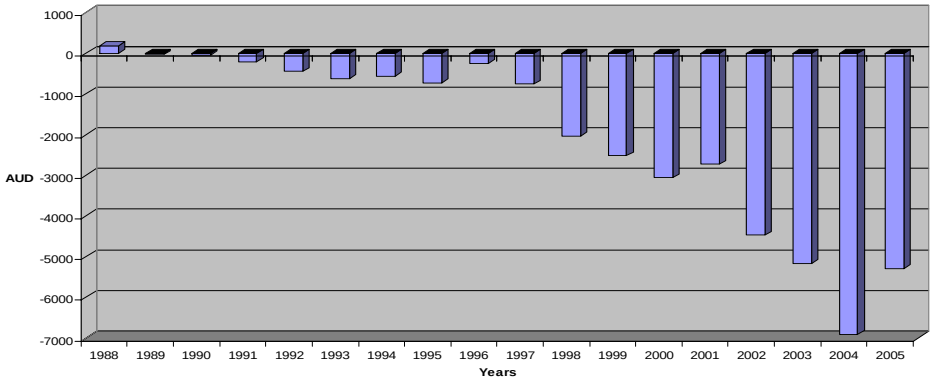
in 2004, equivalent to about 57 per cent of total merchandise exports to China (see Table 2). In manufactures, Australia's products largely supply Chinese businesses with production inputs. In summary, the major merchandise exports which recorded strong growth in 2004 included: iron ore (up 41% to AUD2.5 billion), wool (up 32% to AUD1.2 billion), coal (up 72% to AUD 417 million) and Other ores (mainly Manganese, Zinc and Lead ores) (up 226% to AUD391 million). However, a big decline in petroleum exports (40%) was recorded in 2004.

Figure 1 Australia's Merchandise trade with China 1988-2005, AUD million



Source: ABS, Austats

Figure 2 Australia's Merchandise trade balance with China 1988-2005, AUD million



Source: ABS, Austats

Table 1 Australia-China Merchandise trade details, 2000-2005

AUD million	2000-01	2001-02	2002-03	2003-04	2004-05	% change 03/04-04/05	Total share 04-05 (%)	Rank
Aus. exports	6841	7817	8803	9935	12978	30.6	10.2	2
Aus. imports	9881	11275	13789	15338	19812	29.2	13.3	2
Total trade	16722	19092	22592	25273	32790	29.7	11.9	2
Balance	-3040	-3458	-4986	-5403	-6834			

Source: Australian Department of Foreign Affairs and Trade

Table 2 Australia's principal merchandise exports to China, 2000-2004

AUD million	2000	2003	2004	% change 2003-2004
1. Iron ore	1,045	1,739	2,446	+40.6
2. Confidential items	876	1,980	2,325	+17.4
3. Wool	1,102	939	1,243	+32.4
4. Crude petroleum	417	765	459	-40.0
5. Coal	117	242	417	+72.3
6. Other ores (exc. Iron and copper)	74	120	391	+225.8
7. Aluminium	156	244	265	+8.6
8. Non ferrous waste	109	200	213	+6.5
9. Cotton	20	68	211	+210.3
10. Copper ores	195	212	198	-6.6
11. Manuf. classified by material	122	194	191	-1.5
12. Hides and skins	136	157	190	+21.0
13. Barley	263	166	175	+5.4
14. Copper	51	116	156	+34.5
15. Chemicals and related products	104	130	148	+13.8
Total exports	**6,009**	**9,089**	**10,942**	**+20.4**

Source: Australian Department of Foreign Affairs and Trade

As shown in Appendix 1 the significance of China in the total exports of a number of commodities by Australia is apparent (shaded rows), but its importance as an export market for key commodities such as iron ore and wool is particularly apparent.

In 2004-05 Australian exports to China increased by 31 per cent to AUD13 billion (forecast by ABARE to increase to AUD14.3 billion in 2005-06), fuelled by exports of iron ore, wool and coal. Latest figures for 2005 suggest that exports of these increased to AUD7.5 billion or 60 per cent of total merchandise exports. Exports of iron ore alone to China rose by 126 per cent in 2005 to reach AUD5.7 billion. China now consumes almost half of Australia's iron ore exports, almost 20 per cent of Australia's mineral exports, and about half of wool exports. From 2006, Australia will also begin exporting between AUD700m and AUD1 billion of LNG to the Guangdong LNG project annually, over a 25 year period – with good prospects for further large-scale energy deals in the near future. On 4 April 2006 Australian Prime Minister John Howard and Premier Wen Jiabao of China signed an agreement that will involve multimillion dollar sales of uranium to China from 2008. A key issue for debate relates to the determination of the price of this uranium. Australia will be pressing for a market determined pricing policy, while China will be pushing for a "pricing mechanism that is in accordance with international prices". The interpretation of this is not clear at this point in time. Even exports of manufactured goods by Australia to China rose by 17.6 per cent in 2005 to AUD2 billion.

Table 3 summarizes developments in Australia's merchandise imports from China. It is quite noticeable that the top 15 import items are all manufactured goods, emphasizing the complementary nature of the two economies and the considerable economic benefits that an FTA could bring to both economies. The top 15 import items contributed 56 per cent of total imports in 2004. All 15 items in 2004 experienced positive growth with the most rapid growth experienced by imports of: televisions, sound and video recorders, telecommunications equipment, computers and furniture. Latest figures for 2004-05 indicate that imports of Chinese goods, such as clothing, manufactured items, computers and household electronics rose 29 per cent to AUD20 billion.

Table 3 Australia's principal merchandise imports from China, 2000-2004

AUD million	**2000**	**2003**	**2004**	**% change 2003-2004**
1. Computers	449	1,121	1,736	+54.9
2. Toys, games and sporting goods	622	955	982	+2.8
3. Telecom equipment	203	579	924	+59.6
4. Other textile/clothing	661	790	919	+16.3
5. Furniture	248	502	695	+38.4
6. Women's clothing	404	620	636	+2.6
7. Footwear	495	567	612	+7.9
8. Sound and video recorders	82	335	603	+80.0
9. Computer parts	145	396	465	+17.4
10. Household equipment	283	350	434	+24
11. Men's clothing	383	414	430	+3.9
12. General industrial machinery	148	337	419	+24.3
13. Other plastic articles	271	336	398	+18.5
14. Other textile manufactures	220	305	383	+25.6
15. Televisions	86	183	381	+108.2
Total imports	**9,073**	**14,256**	**17,923**	**+25.7**

Source: Australian Department of Foreign Affairs and Trade

Appendix 2 clearly indicates the importance of China as a source of imports across a number of commodities (shaded rows in particular). This is particularly noticeable for commodities such as computers, computer parts, televisions, sound or video recorders, telecommunications equipment, household goods, other electrical machinery, plastics, toys games and sporting goods. This is encouraging from a Chinese perspective as it suggests that its exports to Australia are moving towards more value adding activities. As a group clothing, textile fabrics, footwear and travel goods see the dominance of Chinese manufactured goods. These are primarily labour intensive activities and obviously reflect China's comparative advantage in such activities. All of these imports have improved the standard of living of Australian consumers who are able to purchase such products from China at a considerably lower price than could if they

had been produced at home. Further expansion of trade in these areas will facilitate further advances in the economic welfare of Australian consumers.

In 2004 the major imports that recorded growth included: computers (up 55% to AUD1.7 billion), toys, games and sporting goods (up 3% to AUD983 million), telecommunications equipment (up 60% to AUD924 million), other textile clothing (up 16% to AUD919 million) and furniture (up 36% to AUD695 million).

Services trade

Australia's services trade with China was valued at AUD3.5 billion in 2004-05 (5 per cent of Australia's total services trade). China was Australia's 6th largest services export market and its 8th largest import source. As indicated in Table 4, Australia traditionally has services trade surpluses with China. Since 1999-00 Australia's exports of services to China has increased by 29 per cent per annum on average. However, the importance of China to Australia in terms of services trade remains relatively unimportant, and even more so from a Chinese perspective. The establishment of an FTA between the two countries has considerable potential to change this situation in a number of areas including that of banking, insurance, tourism and logistics (distribution). Such opportunities have already arisen from China's WTO membership in December 2001, but would be given a further boost with the establishment of an FTA.

Services exports rose 23 per cent from 2003-04 to 2004-05 due to a strong increase in Chinese students studying in Australia, with education related travel services rising AUD263 million to AUD1.5 billion. Education and tourism dominate Australia's service exports to China, accounting for around 85 per cent of services exports in 2004-05 (see Table 5). In 2003, Chinese students comprised approximately 20 per cent of the total number of foreign students in Australia. In addition, around 20,000 Chinese students studied and/or received training at Chinese institutions linked to Australia, particularly through course content and teaching staff. The number of Chinese student enrolments increased further to 68,857 in 2004. Chinese student enrolments grew by a further 18 per cent in 2005 to over 80,000. China is now the largest market for foreign students studying in Australia. On the other hand around 1,000 Australian students studied in China in 2003.

Tourist numbers have also grown rapidly. In 2003, 176,100 Chinese travelled to Australia compared with 42,600 in 1995, and short-term visitor arrivals from China reached 285,000 in 2005. Chinese visitors contribute nearly four per cent of overseas visitors to Australia, and the Australian Bureau of Tourism forecasts that Chinese visitor numbers could rise to around one million by 2012 driven by growing disposable incomes, the priority given to international travel by prosperous Chinese, and government-to-government arrangements to facilitate group international travel such as the extension of 'approved destination status' to more areas within China.

Table 4 Australia-China Services trade details, 2002-2005

AUD million	2002-03	2003-04	2004-05	Share of total 04-05	% growth 03/04-04/05	5 year trend
Aus. Exports of services to China	1507	1883	2311	6.3	22.7	28.8
Aus. Imports of services from China	930	892	1218	3.2	36.5	12.8
Balance	577	991	1093			
Total trade in services with China	2437	2775	3529			
Total services exports to the world	33891	35172	36518	na	3.8	3.4
Total services imports from the world	32892	34680	38073	na	9.8	3.8
Total services trade with the world	66783	69852	74591	na	6.8	

Source: Australian Department of Foreign Affairs and Trade

Table 5 Australian exports of services to China, 2000-2005

AUD million	2000-01	2001-02	2002-03	2003-04	2004-05	Growth (%) 03/04-04/05
Total service exports	626	1196	1507	1883	2311	22.7
Of which:						
Transportation	154	74	123	154	180	16.9
Travel	686	992	1262	1581	1961	24.0
Of which:						
Education	395	665	926	1243	1506	21.1

Source: Australian Department of Foreign Affairs and Trade

Australian imports of services from China increased 37 per cent to AUD1.2 billion in 2004-05, mainly due to an increase in travel services which increased 35 per cent to AUD585 million. Services imports are dominated by transportation and travel services, which together accounted for 88.4 per cent of service imports in 2004-05

(see Table 6). Since 1999-00, imports of services from China have increased by an average 13 per cent per annum.

Table 6 Australian imports of services from China, 2000-2005

AUD million	2000-01	2001-02	2002-03	2003-04	2004-05	Growth (%) 03/04-04/05
Total service imports	717	823	930	892	1218	36.5
Of which:						
Transportation	319	308	366	382	492	28.8
Travel	304	365	367	434	585	34.8
Of which:						
Education	38	44	30	41	51	24.4

Source: Australian Department of Foreign Affairs and Trade

Investment

China and Australia remain small investment partners. As indicated in Table 7 Australian investment in China during 2004 amounted to AUD1.2 billion, making it Australia's 22nd largest investment destination. The focus of this investment was in manufacturing, mineral exploration, legal, banking and education services. For example, a year 2000 survey estimated that 300-400 Australian businesses were present in China, with their investment split approximately evenly between manufacturing; property and business services; and a wide range of other sectors including finance, insurance, education, mineral exploration, information services and energy supply. During 2004, however, Australian investment in China declined by almost 4 per cent (Table 7).

Chinese investment in Australia amounted to AUD2 billion in 2004, making China the 17th largest investor in Australia. The focus of this investment is largely concentrated in resources development, minerals processing, real estate and in agriculture. During 2004 Chinese investment in Australia declined by 34 per cent. Hence two way investment declined dramatically in 2004. A clear objective of any FTA between the two countries is to overcome existing problems relating to inter country flows of investment.

While the TEF, signed by President Hu Jintao in late October 2003 during a visit to Australia in October 2003, was designed to enhance bilateral trade and investment, its impact has clearly been felt mainly on the trade side while bilateral investment has waned. The TEF set the agenda for strengthening and expanding the economic relationship between the countries and to provide a sound foundation for each side to take advantage of new commercial opportunities, focusing on identifying opportunities for closer cooperation and developing strategies to promote business opportunities in areas of high potential. However, much more needs to be done to encourage two way investment between the countries.

Table 7 Australian-China two way investment 2001-2004, AUD million

AUD million	2001	2002	2003	2004	% change 03-04	Rank
Australian investment in China	1900	1210	1298	1249	-3.8	22
China investment in Australia	3100	2843	2989	1985	-33.6	17

Source: Australian Department of Foreign Affairs and Trade

3. Australia-China trade complementarities

Australia is well placed to benefit from China's rapid growth and economic restructuring that will result in rising industry demand for raw materials and inputs. Australia and China have highly complementary economies. Australia is a competitive exporter of agricultural, energy and mineral resources and some higher value added manufactures and services. China, on the other hand, is a highly competitive producer of labour intensive manufactures. The establishment of an FTA between the countries is likely to maintain and deepen this complementarity in the short to medium terms, producing major benefits for both Australia and China.

China's supply of low cost manufactures and increased demand for resource and intermediate good imports will provide significant opportunities for regional economies, and particularly so for Australia. Modelling results indicate that China's demand for many major Australian exports, particularly minerals, is likely to grow rapidly. Destinations for some Australian exports will shift to China over time, as the country's raw materials requirements increase and other economies restructure into niche markets and higher value adding activities. While the value of Australia's largest commodity export to the region, coal, will continue to rise, Australian coal's share in total East Asian coal consumption could fall. China's coal industry may satisfy an increasing share of expanding domestic coal demand and continue to be a more significant exporter.

Australia is one of the best placed of all regional economies to benefit from China's rapid industrial growth. Australia is a direct competitor with China in relatively few markets, especially compared with other regional economies, while Australia and China are complementary in many of the goods they export. China's continuing growth, falling Chinese trade barriers post WTO entry and declining Australian trade barriers in labour intensive manufactures will ensure growing synergies and mutually beneficial trade between the two economies.

Trade flow comparisons

The level of competition for export markets between Australia and China is low in comparison with most other regional economies (see Table 8). Less than 40 per cent of Australia's net exports in 2001-02 by value were in competition with Chinese net exports, while only 11 per cent of China's net exports were in competition with

Australian net exports. Australia is expanding its exports in an overwhelming majority of these competing export products, reflecting the incidental nature of competition between the two economies. In fact, while Australia's overall net exports in US dollar terms declined over the period 1996-97 to 2001-02, due to the depreciation of the Australian dollar, net exports of commodities in competition with China actually increased.

Table 8 Competition by Australia and China in each country's respective export markets between 1996-97 and 2000-01

	No. of commodities[1]	**Australian Net Exports 1996-97 (US$ billion)**	**Australian Net Exports 2000-01 (US$ billion)**	**Chinese Net Exports 1996-97 (US$ billion)**	**Chinese Net Exports 2000-01 (US$ billion)**
Competition from Australia/China[2]	210	15.6	16.1	13.1	20.6
(per cent of total net exports)		37	39	11	11
Total net exports	337	42.4	41.2	114.4	188.8

Notes:
1. Commodities analysed at Harmonised System 4-digit level, covering 1270 commodities. Figures for Australia only.
2. Total number or value of Australian/Chinese net exports of commodities that both Australia and China exported on a net basis in 1996-97 and 2000-01.

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

How does Australia's net export market competition with China compare with other countries in the region. This is summarized in Table 9. Thailand, Hong Kong, Malaysia and Taiwan all experience relatively high levels of net export competition with China, while Japan, Australia, the Philippines and Indonesia face lower levels of competition. Despite higher levels of competition from China experienced by Malaysia, Thailand, Korea, the Philippines, Hong Kong and Indonesia, all are expanding exports of most of their competing export products regardless of such competition. Taiwan and Singapore are moving out of a majority of the mainly labour intensive manufactured exports where they are competing with China. Australia is also expanding most of its net exports that compete with China, while the majority of Japan's net exports that compete with China are contracting.

Given the low level of export market competition between Australia and China, a high level of complementarity exists between the two economies (see Table 10). Australia is a key net supplier of resources such as iron and copper ores, alumina, natural gas, copper, non crude oil, wool and wheat which China's manufacturing industries import. In turn, China is a major net exporter of many products that Australia requires, such as computers, clothing and footwear, video and digital cameras, mobile phones, toys and sporting goods. China's complementarity with Australia's net import requirements is considerable; these sectors represent nearly half Australia's total net imports. China is not a strong competitor in Australia's net export markets. Moreover, China's net imports of many minerals that Australia exports are expanding, which will ensure that Australia continues to gain from China's strong growth.

Table 9 Proportion (%) of regional economies' net exports competing with Chinese net exports, 2000-01

	Total	Expanding[4]	Contracting[4]
Japan[1]	18	8	10
Korea	50	41	9
Taiwan	61	26	35
Hong Kong[2]	66	40	26
Indonesia[2]	47	36	12
Malaysia	64	51	13
Philippines[3]	46	40	6
Singapore	50	8	42
Thailand[1]	70	45	25
Australia[1]	39	34	5

Notes:
1. 2001-02.
1. 1999-2000
2. 2000.
3. Compared with 1996-97 levels in US dollars.

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Table 10 Trade complementarity between Australia and China 1996-97 and 2000-01

	No. of commodities[1]	Value of complementary sectors 1996-97 US$ billion[2]	Value of complementary sectors 1996-97 US$ billion[2]
Australia net exporter and China net importer	170	7.7	10.7
e.g. Iron and copper ores		1.9	3.2
Petroleum gases		0.6	1.3
Wool		0.5	0.8
Wheat		1.1	0.1
Refined petroleum oils		0.6	0.4
Refined copper		0.1	0.6
Alumina		0.1	0.6
China net exporter and Australia net importer	515	9.0	19.2
e.g.Office machines and parts		2.7	3.1
Clothing and footwear		1.8	2.2
Video ande digital cameras; mobile phones		-	0.9
Toys, games and sporting goods		0.6	0.6

Notes:
1. Harmonized System 4-digit level, covering 1270 commodities.
2. Defined as minimum of the economy A's net exports of a particular commodity and B's net imports of that commodity. This figure, therefore, represents the maximum level of bilateral trade possible in that commodity if all A's net exports were sent to economy B.

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

How does Australia's complementarity with that of China compare with other regional economies? A comparison is provided in Table 11. The proportion of an economy's net export value concentrated in goods that China imports on a net basis, and vice versa, is a good method of summarizing the level of complementarity between China and other regional economies. For example, from Table 11, almost half of the Philippines' net exports, 38 per cent of Taiwan's net exports and around a third of Singapore's net exports are goods that China imports on a net basis. Most economies in the region, except Thailand, Malaysia and possibly Hong Kong exhibit a high level of export complementarity with China. Hence, most regional economies stand to gain significantly from China's economic growth. In addition, nearly half of Australia's net imports, around a third of Hong Kong's and Japan's and nearly a quarter of Singapore's are goods for which China is a net exporter; indicating a high level of complementarity with China's exports.

Table 11 Proportion (%) of regional net trade complementing Chinese net trade, 2000-01

	Proportion of net exports complementary with Chinese net imports	Proportion of net imports complementary with Chinese net exports
Japan[1]	23	31
Korea	28	13
Taiwan	38	14
Hong Kong[2,4]	20	34
Indonesia[2]	27	18
Malaysia	19	17
Philippines[3]	48	19
Singapore	34	23
Thailand[1]	16	15
Australia[1]	26	44

Notes:
1. 2001-02.
2. 1999-2000
3. 2000.
4. Domestic exports/imports.

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Hence we can conclude that most of the East Asian economies, as well as Australia, have significant complementarities with China, ensuring they will achieve major benefits from China's growth. The emergence of China as a major industrial producer and exporter is likely to produce more overall benefits than threats to its regional neighbours.

Australia and China – Revealed Comparative Advantage

Australia

Australia's revealed comparative advantage[1] is mainly in primary commodities. While no manufactured commodities fall within the top ten grouping, this in part reflects the focus of the Michaely index on net export specialization.[2] Australia has a strong comparative advantage in minerals and energy including coal, iron ore, alumina, key non ferrous metals, natural gas, gold and agricultural products that include beef, wheat and wool (see Table 12). Australia is a net importer of a large range of manufactured goods, both capital intensive, including machinery, motor vehicles, instruments, plastics, organic chemicals and pharmaceuticals and labour intensive such as clothing. Australia does not rely substantially on any primary good imports.

Table 12 Michaely indexes showing Australia's major comparative advantage and disadvantage commodity groupings, 2001-02

Australia's top ten comparative advantage groupings		**Australia's top ten comparative disadvantage groupings**	
Coal	10.5	Electrical machines	-9.3
Iron ore	4.2	Non-rail vehicles	-9.1
Beef	3.6	Non office machines and parts	-8.2
Wheat	3.5	Office machines and parts	-4.8
Alumina	3.4	Clothing	-2.6
Unwrought aluminium	3.3	Instruments (not timekeeping or musical)	-2.5
Petroleum gases	2.8	Plastics and plastic articles	-2.3
Wool	2.5	Aircraft	-2.1
Gold	2.4	Organic chemicals	-2.0
Dairy	1.7	Pharmaceuticals	-2.0

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Michaely indices also indicate that Australia is strengthening its advantage in selected primary products, such as wine, natural gas, dairy products and oil seeds while reducing its reliance on imports of manufactured goods like man made fibres and fabrics, instruments and paper. However, Australia's advantage has weakened in the production of some other primary goods like gold, wool, coal and beef. Its reliance on imports is intensifying with respect to steel, pharmaceuticals, video and digital cameras, mobile phones and clothing.

China

Michaely index measures indicate that China's revealed comparative advantage remains primarily in labour intensive products. Large positive values for clothing, footwear, toys, furniture, leather articles and plastic articles indicate China has a significant comparative advantage in these (see Table 13). In addition, assembled high technology articles like office machines and parts have become China's second major area of comparative advantage. However, as China integrates into the international computer production chain it has also become a significant net importer of computer

[1] Revealed comparative advantage is measured using the Michaely index, defined as a good's share of an economy's exports minus its share of an economy's imports, as a measure of relative export performance by country and industry.

[2] For example, while Australia has substantial exports of elaborately transformed manufactures, accounting for 21 per cent of total merchandise exports in 2002, in the comparative advantage measurements used here, these gross exports are swamped by the larger value of imports of each of these items.

components like integrated circuits and micro assemblies. Consequently, we can conclude that Chinese industries are mainly assembling office machines from imported components, in line with competitiveness in labour intensive production. China has a revealed comparative disadvantage in capital and technology intensive industries such as non-office machinery, plastics in primary forms, chemicals and steel, and in particular resources such as crude oil, mineral ores and refined copper.

Table 13 Michaely indexes showing China's major comparative advantage and disadvantage commodity groupings

China's top ten comparative advantage groupings		**China's top ten comparative disadvantage groupings**	
Clothing	12.6	Non-office machines	-7.2
Office machines and parts	4.2	Electronic integrated circuits and micro-assemblies	-6.8
Footwear	3.5	Plastics in primary forms	-4.4
Toys and sporting goods	3.4	Crude oil	-4.1
Furniture	2.8	Chemical products	-3.4
Leather articles	2.5	Steel	-3.2
Plastic articles	1.6	Instruments (not timekeeping or musical)	-1.9
Iron and steel articles (exc. tubes and pipes)	1.4	Copper and copper articles	-1.7
Prepared foodstuffs	1.4	Mineral ores	-1.5
Video and digital cameras; mobile phones	1.1	Aircraft	-1.4

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Further analysis suggests that China is quickly gaining strength in current weak areas like non-office machinery, non rail vehicles and steel, while its comparative advantage is declining in clothing, footwear and vegetable and animal products. This data provides evidence to suggest that China is moving up the value adding chain. China's worsening comparative disadvantage in integrated circuits and micro assemblies reinforces the available evidence that China is a major and expanding electronics assembler rather than a producer of higher value added components. China's comparative disadvantage appears to be worsening in crude oil, organic chemicals and oil seeds as it imports more energy and raw materials to meet its growing industrial demand. Hence, while China is still a dominant producer and exporter of traditional labour intensive manufactures, like clothing, it is moving rapidly into assembling a much wider range of manufactures, placing competitive pressure on other regional economies producing and exporting such products. However, China's higher reliance on imports for many manufacturing inputs such as complex computer components, crude oil, chemicals and oil seeds provide opportunities for regional economies exporting these products.

Implications for Australia and China

More than most economies, Australia stands to gain from China's emergence as a global industrial and trading nation. China will increasingly demand Australia's raw materials, particularly minerals and energy, which remain as one of Australia's main areas of comparative advantage. China's gradual withdrawal from production and increased importation of some broad acre agricultural products should continue with

ongoing agricultural reform and WTO entry, further increasing Australian export opportunities for wheat, barley, animal feeds, beef and other land intensive crops. Exports of advanced manufactures and services are also likely to benefit Australia. For its part, China should continue to provide Australia with a competitive source of labour intensive manufactured goods, benefiting its terms of trade and keeping prices low for consumers. Australia stands to gain substantially more from its increasing complementarity with a growing China than it is likely to lose from competition with China.

China's manufacturing sector is requiring increased volumes of raw materials. The shifting focus of raw materials demand has already started to affect Australia, a traditional supplier of many key raw material inputs to East Asian manufacturing. China does not possess sufficient capacity, or is not a competitive supplier of its required raw materials inputs, so that destinations of some Australian commodity exports gradually are shifting to China. In a minority of commodities, China's own agricultural and mining industries are fulfilling some of the additional demand for raw material inputs, reducing Australia's market share to what might otherwise have occurred. Despite this, in most cases Australia's absolute export volumes should continue to increase.

Table 14 identifies developments in China's share of total East Asian net imports of the top 20 Australian complementary net exports, comparing 1996-97 with 2000-01. Over this five year period China's share of total East Asian net exports increased for 13 out of 20 of Australia's major complementary exports. China's import demand for wool, alumina and barley constituted the majority of East Asian demand, with rapidly increasing shares in alumina, refined copper, wool and copper ore. Hence, even during this period of time, it was becoming apparent that, for a number of commodities, their export destination was shifting from other parts of East Asia to China. As heavy manufacturing, steel production and copper refining continue to expand in China, and plateau or contract in other East Asian economies such as Japan, an increasing proportion of Australia's exports will go to China. It can also be noted, however, that for four commodities, namely wheat, refined petroleum, raw cotton and coal, advances and improved efficiency in Chinese production has supplanted what might otherwise have been Australian exports.

4. Key areas for trade and business opportunities growth

Australian trade and business opportunities

Over 3000 Australian companies export to China. Major areas of opportunity include mining and energy, agribusiness, manufactures, construction, technology and know how, the Olympic games, regional development, and financial, legal, education, engineering and architectural services. Table 15 summarizes the key areas of trade opportunity for Australian and Chinese businesses, potential areas of attraction for Chinese investors in Australia, and potential investment opportunities for Australian businesses in China. Table 16 presents some projections of Chinese demand for selected commodities exported by Australia covering the period from 2002 to 2010. Modelling conducted by the East Asian Analytical Unit (Australian Department of Foreign Affairs and Trade) suggested that China's demand for imports of agricultural commodities would grow by an average 15 per cent per annum over ten years to 2010,

including a 15 per cent increase for grain exports, 16 per cent for other crops and 18 per cent for livestock. Mineral and energy imports were forecast to grow by 14 per cent per year, including a 17 per cent annual increase for iron ore. The Australian Bureau of Agricultural and Resource Economics forecast that natural gas demand in China would increase by as much as 14 per cent per annum to 2015, necessitating further imports of natural gas.

Table 14 China's share (%) of total East Asian net imports of top 20 Australian complementary net exports, comparing 1996-97 with 2000-01.

Commodity	**1996-97**	**2000-01**
Coal	-	-
Iron ore	23.7	31.7
Wheat	21.4	3.5
Beef	-	-
Aluminium, unwrought	2.0	8.1
Petroleum gas	3.6	4.9
Gold, unwrought	-	-
Wool	42.6	71.2
Cotton	25.4	-
Wine	1.6	2.1
Alumina	31.5	62.0
Milk, concentrated	0.3	7.1
Nickel, unwrought	-	9.3
Copper, unwrought	3.5	33.9
Refined petroleum	12.2	12.5
Copper ore	11.6	22.5
Zinc ore	3.5	10.8
Barley	48.7	58.0
Cheese	0.0	0.3
Wood chips	-	-

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Increasing demand for commodities from China which it must import (such as iron ore and copper) must also increase world commodity prices. This would contribute to an improvement in Australia's terms of trade and economic welfare.

In terms of investment opportunities by Australian business in China a number of possibilities exist. In the minerals and energy sector investment in mineral exploration, mining, and alternative sources of energy (solar, wind etc.) exist. In agriculture possible agribusiness investments may be opportune. In the manufacturing sector many labour intensive Australia businesses in textiles and clothing, footwear, toys, games and sporting goods and furniture may be tempted to invest in factories in China. Finally, in the services sector, Australian investment in property and property development, business services (accounting, finance, insurance, legal, consulting, advertising, design), education, information services, environmental and water services, architecture, construction, computer software and tourism may offer opportunities.

Table 15 Summary of Australian and Chinese prospective export and investment opportunities

Major sector	Australian export opportunities	Chinese export opportunities	Chinese investment in Australia	Australian investment in China
1. Minerals and energy:	Iron ore, Alumina, Copper ore, Petroleum gas, Natural gas.	Limited	Mining, Minerals processing, Energy development.	Mineral exploration, Mining, Alternative sources of energy (solar, wind etc.).
2. Agricultural products and beverages:	Broad acre crops: Barley, Oil seeds, Wool, Wheat, Cotton, Rice Canola seeds, Dairy products (cheese), Beef, sheep and goat meat, Fruit and vegetables, Agribusiness, Wine.	Limited	Agribusiness, Wool, Cotton Dairy, Beef. Wine	Agribusiness
3. Manufacturing:	Motor vehicles and parts, Optical fibre, Medical and scientific equipment, Advanced technology and skill intensive.	Computers and computer parts, Clothing, Footwear, Furniture, Toys, games and sporting goods, Telecommunications equipment, Videos and digital cameras, Mobile phones Televisions, Household equipment, Plastic articles.	Advanced technology and skill intensive activities, Motor vehicles and parts, Medical and scientific equipment.	Textile and clothing, Footwear Toys, games and sporting goods. Furniture.
4. Services	Banking, Insurance, Tourism, Distribution/ logistics, Business Development services (accounting, legal, marketing, consulting, finance), Computer software, Architecture and design, Environmental and water services,	Tourism, Alternative forms of medicine, Transportation.	Real estate, Property development, Tourism.	Property, Business services (accounting, finance, insurance, legal, consulting, advertising) Education, Information services, Environmental and water services, Architecture,

	Education, Engineering, Construction, Regional development, Telecommunications, Olympic Games.			Construction, Computer software, Tourism.

Source: Author. ABARE and DFAT

Table 16 Current and projected Chinese net imports of selected commodities exported by Australia, 2002 and 2010, US$ billion*

	2002 (Actual)	2010 (Projected)	Average annual percentage increase
Iron ore	2.77	3.81	4.1
Hides, skins and leather	2.30	3.23	4.3
Petroleum gas	1.35	2.39	7.4
Copper ore	0.81	1.50	8.0
Alumina	0.62	0.90	4.8
Wool	0.80	0.87	1.1
Canola seeds	0.15	0.89	24.9
Barley	0.29	0.53	7.8

*Notes: Projections are based on an extrapolation of the linear trend from 1992-2002.

Source: Calculations based on Department of Foreign Affairs and Trade data, 2003

Chinese trade and business opportunities

Opportunities for expanded trade and investment for Chinese businesses will continue to lie, primarily, in the manufacturing sector. In the case of trade, Australia's traditionally strong demand for labour intensive manufactured consumer goods will remain strong. Key products that are likely to experience increasing demand include: computers and computer parts, clothing, footwear, furniture, toys, games and sporting goods, telecommunications equipment, videos and digital cameras, mobile phones, televisions, household equipment and plastic articles. In the services sector opportunities are likely to increase for: tourism as an increasingly affluent Chinese population vacations overseas, including destinations such as Australia, as well as increasing tourism numbers from Australia; alternative forms of medicine and health provision; and transportation including shipping. There are somewhat more limited opportunities in the areas of minerals and energy, and agriculture.

In terms of investment opportunities, this is likely to be still largely focused in resources development, minerals processing, real estate and in agriculture. In terms of resources development, opportunities for ongoing investment in mining, minerals processing and energy development is most likely. In agriculture, investment in agribusiness with a focus on wool, cotton, dairy, beef and wine are possible. In manufacturing, Chinese businesses may wish to invest in advanced technology and skill intensive activities, motor vehicles and parts, as well as in medical and scientific equipment. In the services sector opportunities are likely to exist in real estate, property development and tourism including hotel development.

Appendix 3 provides a summary of recent developments in trade and investment activity that underlines the recent rapid expansion in Australia-China economic and business relations.

5. Summary and conclusions

This paper has reviewed the historic as well as prospective economic relationship between the economies of Australia and China. The review of trade flows, as well as identification of the revealed comparative advantages of the two countries, suggested strong complementarities in trade. Australia has strong competitive advantages, in particular, in minerals and energy supply, agriculture produce, technology and skill intensive manufactures and services, while China has strong competitive advantages in labour intensive manufacturing activities. The evidence suggests that Australia is likely to gain more than most regional economies from China's emergence as a major industrial power and global trader. As China's economy continues to grow strongly its demand for minerals and energy supply will rise accordingly, which are exactly the commodities that Australia has the largest comparative advantage in producing. China's gradual withdrawal from production, and increased importation, of some broad acre agricultural products will continue with ongoing agricultural reform and WTO entry conditions, that will further increase Australian exports in wheat, barley, animal feeds, beef and other land intensive crops. Australia's expertise in business development services, banking, environmental and water management and tourism presents numerous other opportunities. Australia will also continue to reap considerable benefits from China's low cost labour intensive manufactured goods imports, in which the country has a comparative advantage, benefiting the country's terms of trade and domestic consumers.

For China, Australia will represent a secure source of supply for key resources and energy, which the country will require for its ongoing development. Australia also provides an important market for its manufactured goods, and the sorts of business services provided by Australia can contribute to ongoing efforts to improve business efficiency in China as reform in that country continues.

While the growth of trade between the two countries has been impressive, investment flows have been much more muted. However, the establishment of an FTA has the potential to considerably alter this situation. Investment opportunities are likely to exist in minerals and energy, agriculture, manufacturing and services.

Overall, the complementary nature of these economies suggests that they are very conducive to the establishment of an FTA. On his recent visit to Australia in April 2006, Chinese Premier Wen Jiabao called for a fast-tracking of negotiations between the two countries and for obstacles to the establishment of an FTA be resolved in two years (by 2008). The Australian government responded that it would not be held to a timetable, and would only sign a comprehensive FTA which improved access to the Chinese market for Australian farmers, manufacturers and service providers. Given the potential benefits arising to each country from an FTA, and particularly Australia, it is hard to imagine that such an FTA will not eventuate in the near future. A recent scoping study into the proposed FTA indicated that the benefits to Australia, specifically, were around AUD24.4 billion over the first decade of the FTA. Although

increased competition might lead to job losses, particularly in labour intensive manufacturing activities such as textiles and some parts of the car industry, the overall benefits more that offset this. The potential benefits from such an FTA are, therefore, clearly substantial.

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Appendices

Appendix 1
Australia's exports by product and the relative importance of China, 2004, Rank and Value

SITC	Total export value AUD million	Share of total merchandise exports (%)	China export value AUD million	Rank	Share (%)
Live animals	828.9	0.7	140	2	16.9
Fish, fresh and chilled	291.8	0.2	6.6	4	2.3
Crustaceans	814.2	0.7	69.2	4	8.5
Barley	1,300	1.1	175.4	3	13.5
Raw hides and skins	685.3	0.6	190.9	2	27.9
Cotton	970.4	0.8	210.9	2	21.7
Wool	2,577	2.2	1,243	1	48.2
Crude minerals	308.2	0.3	8.9	5	2.9
Iron ore	6,073	5.2	2,446	1	40.3
Ferrous waste and scrap	383.4	0.3	72.1	2	18.8
Copper ores	1,372	1.2	198.6	3	14.5
Nickel ores	784	0.7	49	4	6.3
Other ores	1,677	1.4	391	1	23.3
Non ferrous base metal waste	420	0.4	213	1	50.7
Crude petroleum	4,963	4.2	460	5	9.3
Liquefied propane and butane	690	0.6	115	2	16.7
Animal oils and fats	240	0.2	130	1	54.2
Inorganic chemical elements	303	0.3	20.5	5	6.8
Pigments, paints, varnishes	596	0.5	147	1	24.7
Medicinal and pharmaceutical products	292	0.2	14.3	5	4.9
Leather	443	0.4	28	3	6.3
Paper and paperboard	591	0.5	48	4	8.1
Copper	1,584	1.3	156	4	9.8

Nickel	532	0.5	142	1	26.7
Aluminium	3,992	3.4	265	5	6.6
Zinc	488	0.4	35	4	7.
Internal combustion piston engines	545	0.5	51	3	9.4
Specialised machinery	533	0.5	79	1	14.8
Heating and cooling equipment	228	0.2	15	3	6.6
Pumps for gas	218	0.2	15	3	6.9
Mechanical handling equipment	267	0.2	35	2	13.1
Electrical equipment for circuits	350	0.3	18	3	5.1
Photographic supplies	336	0.3	38	4	11.3
Other articles of plastic	300	0.3	20	3	6.7

Source: Australian Department of Foreign Affairs and Trade

Appendix 2
Australia's major import sources by product and the relative importance of China, 2004, Rank and Value

SITC	Total value AUD million	Share of total merchandise exports (%)	China value AUD million	Rank	Share (%)
Nitrogen-function compounds	417	0.3	38	4	9.1
Organo-inorganic compounds	1,135	0.8	101	5	8.9
Inorganic chemical elements	457	0.3	49	2	10.7
Perfumery and cosmetics	881	0.6	50	5	5.7
Fertilizers (excl. crude)	880	0.6	64	3	7.3
Rubber tyres	1,177	0.8	113	3	9.6
Paper manufactures	441	0.3	94	1	21.3
Textile yarn	485	0.3	102	1	21.0
Other textile manufactures	688	0.5	383	1	55.7
Tubes, pipes and fittings of steel	834	0.6	94	2	11.3
Aluminium	529	0.4	187	1	35.3
Hand or machine tools	558	0.4	81	2	14.5
Other metal household equipment	519	0.4	268	1	51.6
Other manufactures of base metal	1,289	0.9	309	1	24.0
Heating and cooling equipment	1,757	1.2	261	2	14.9
Pumps for gas	1,370	1.0	122	5	8.9
Mechanical handling equipment	1,200	0.9	63	5	5.3
Non electrical machinery, tools	913	0.6	94	4	10.3
Taps, cocks, valves	774	0.5	76	4	9.8
Office machines	540	0.4	197	1	36.5
Computers	5,517	3.9	1,736	1	31.5
Computer parts	2,149	1.5	465	1	21.6
Televisions	1,485	1.1	381	1	25.7
Radio broadcast receivers	501	0.4	198	1	39.5
Sound or video recorders	1,563	1.1	603	1	38.6

Telecommunications equipment	4,965	3.5	924	2	18.6
Electric power machinery	479	0.3	95	1	19.8
Electrical equipment for circuits	1,182	0.8	98	3	8.3
Equipment for distributing electricity	727	0.5	140	2	19.3
Household type equipment	1,543	1.1	434	1	28.1
Other electrical machinery	1,859	1.3	338	1	18.2
Motorcycles	846	0.6	138	3	16.3
Furniture	1,798	1.3	695	1	38.7
Travel goods, handbags	525	0.4	347	1	66.1
Men's or boy's clothing (not knitted)	651	0.5	430	1	66.1
Women's or girls' clothing (not knitted)	818	0.6	636	1	77.8
Clothing or textile fabrics	1,156	0.8	919	1	79.5
Footwear	961	0.7	612	1	63.7
Measuring and controlling instruments	2,099	1.5	51	5	2.4
Photographic supplies	459	0.3	80	3	17.4
Printed matter	1,030	0.7	89	3	8.6
Other articles of plastic	1,349	1.0	398	1	29.5
Toys, games and sporting goods	1,616	1.1	983	1	60.8
Jewellery	641	0.5	68	3	10.6
Miscellaneous manufactures	1,061	0.8	142	2	13.4

Source: Australian Department of Foreign Affairs and Trade

Appendix 3

Recent examples of trade and investment expansion between Australia and China

- In April 2006 it was announced by Australian and Chinese government officials that six new trade and investment deals had been signed, covering a range of energy and minerals, bauxite, iron ore, natural gas, coal and wind energy, as well as in banking services. These included: a joint undertaking by BHP Billiton, Kerr McGee and Chinese exploration company CNOOC International to explore for gas in the outer Browse Basin 350 kilometres off Broome, Western Australia; the Aluminium Corporation of China signed a memorandum of understanding with the Queensland government to develop the Aurukun bauxite deposit on Cape York Peninsula, a project that will eventually involve an investment up to AUD3 billion; and the ANZ Banking Group was close to finalizing a deal to acquire shares in two Chinese banks (Tianjin City Commercial Bank, and the Shanghai Rural Commercial Bank) worth a total of up to AUD400 million.
- BlueScope won a contract to provide the decking for what is planned to be the world's tallest building, the World Financial Centre in Shanghai.
- China's HYX Group bought the finest bale of wool ever grown (11.9 micron) at auction in Australia in March 2004 for AUD675 000, outbidding other Chinese, Korean and Italian buyers.
- Between December 2003 and November 2004, the Australian Wheat Board (AWB) secured contracts for two and a half million tonnes of wheat with the China National Cereals, Oil and Foodstuffs Corporation (COFCO).
- In 2004, BHP Billiton secured an AUD$11.6 billion deal to supply 12 million tonnes of iron ore per year over 25 years to four Chinese steel mills.
- In July 2002, Sally Malay Kimberley nickel mine announced that Sino Nickel will purchase 100 per cent of annual production of nickel, copper and cobalt concentrate on a life-of-mine basis, representing revenue of over AUD450 million over the project life.
- Australian architectural firm Bligh Voller Neild will design the Beijing Aquatic Park – the largest Olympic Facility to be built for the Beijing Olympics.
- Peddle Thorpe and Walker won the international design competition for the Beijing Olympics national swimming centre.
- Steel decking for China's tallest skyscraper, the Jinmao Tower (88 stories) in Shanghai, is to be provided by Australia's BlueScope Steel.
- BlueScope also provided the roofing for Beijing International Airport, and for the Guangzhou Olympic Centre.
- A leading Australian air traffic control system developer secured a landmark AUD200 million contract with the Civil Aviation Administration of China in September 2001,
- HOK wins the design rights for the US$250 million Nanjing Stadium.