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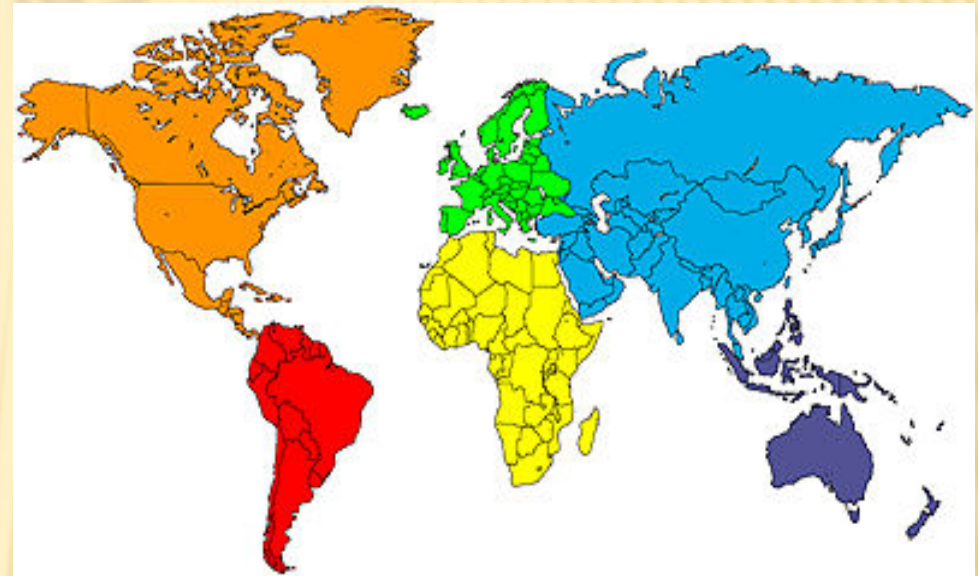
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# CHINA AND THE AUSTRALIAN ECONOMY

# ECONOMIC INDICATORS

## World (2010)

- × Total GDP (PPP): **74.54 trillion**
- × GDP per Capita (PPP): **\$ 11,200**
- × Population (2011): **6.9 billion**
- × Population Growth (2011): **1.09%**
- × Real GDP growth rate: **4.9%**



## Australia (2010)

- × Total GDP (PPP): **\$882.4 billion**
- × GDP per Capita (PPP): **\$41,000**
- × Population (2011): **21.7 million**
- × Population Growth (2011): **1.15%**
- × Real GDP growth rate: **2.7%**

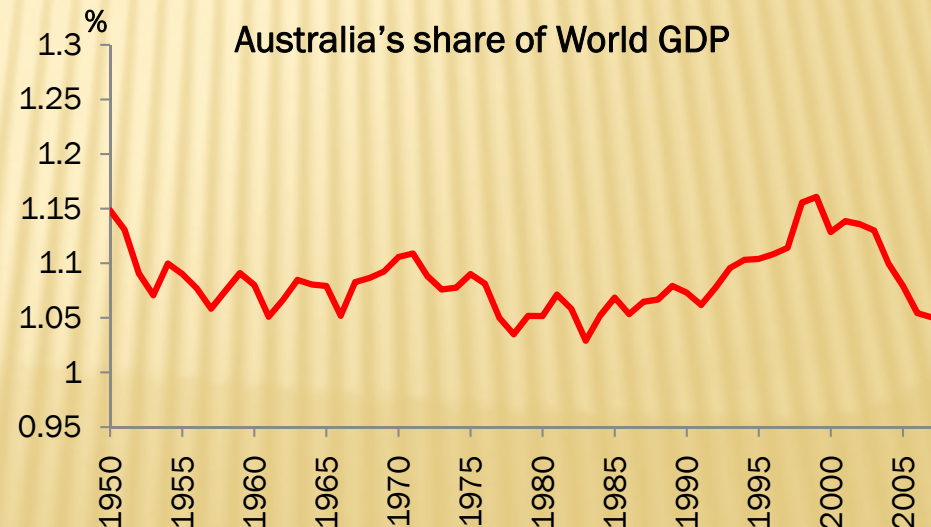
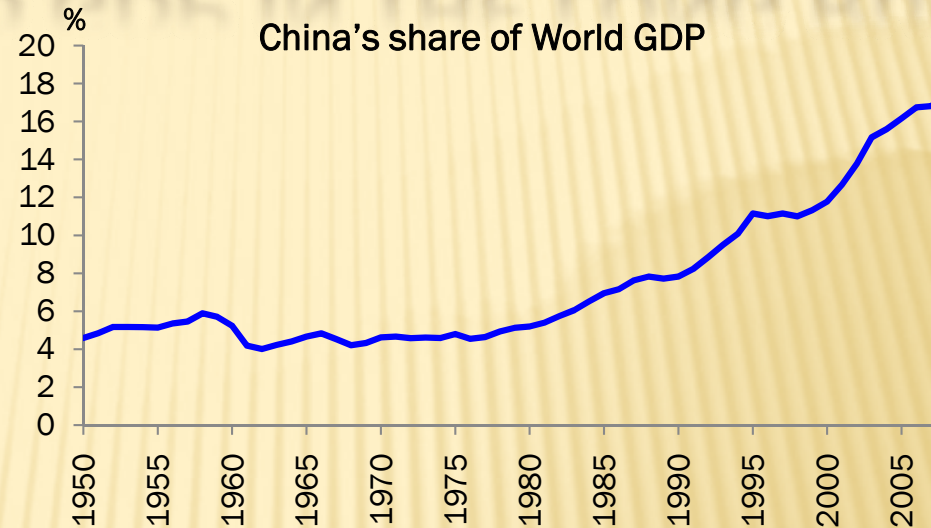
## China (2010)

- × Total GDP (PPP): **\$ 10.09 trillion**
- × GDP per Capita (PPP): **\$ 7600**
- × Population (2011): **1.3 billion**
- × Population Growth (2011): **0.49%**
- × Real GDP growth rate: **10.3%**

# SHARE OF WORLD GDP IN THE LONG RUN

% share of World GDP

	% China	% Aus
1950	4.6	1.14
1960	5.2	1.08
1970	4.6	1.11
1980	5.2	1.05
1990	7.8	1.07
2000	11.8	1.13
2005	16.2	1.08
2008	17.5	1.04



Source: Author's calculation from Maddison database

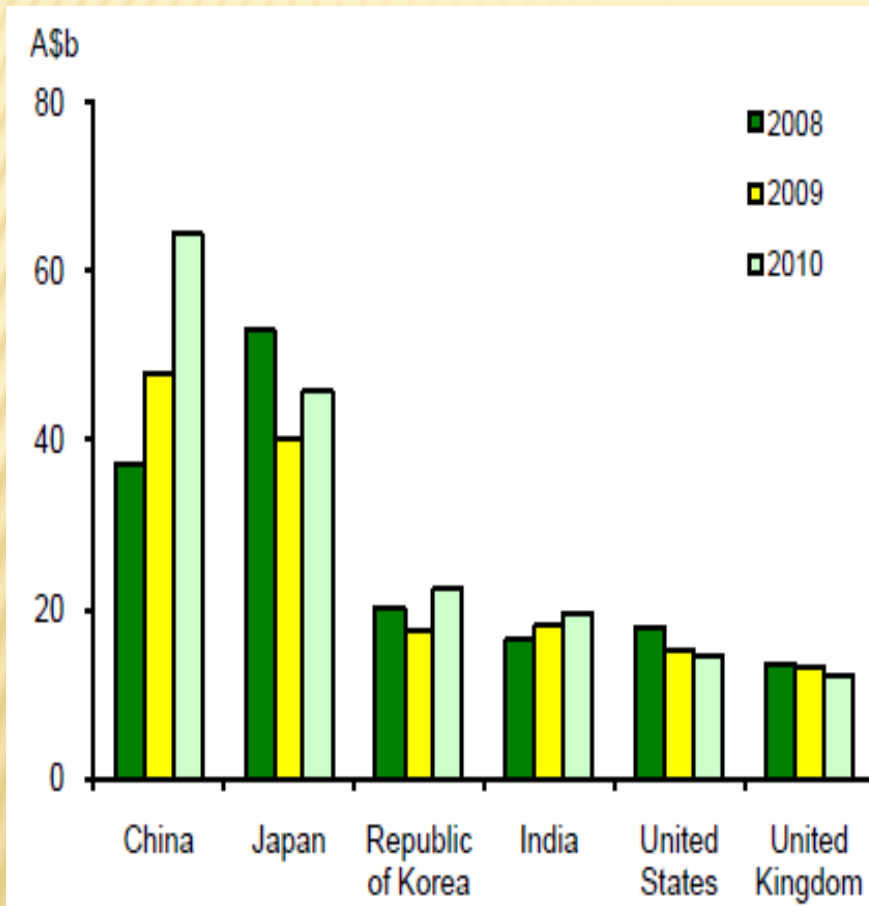
# IMPACT OF CHINA ON AUSTRALIAN GROWTH

✘ Can be measured in three ways:

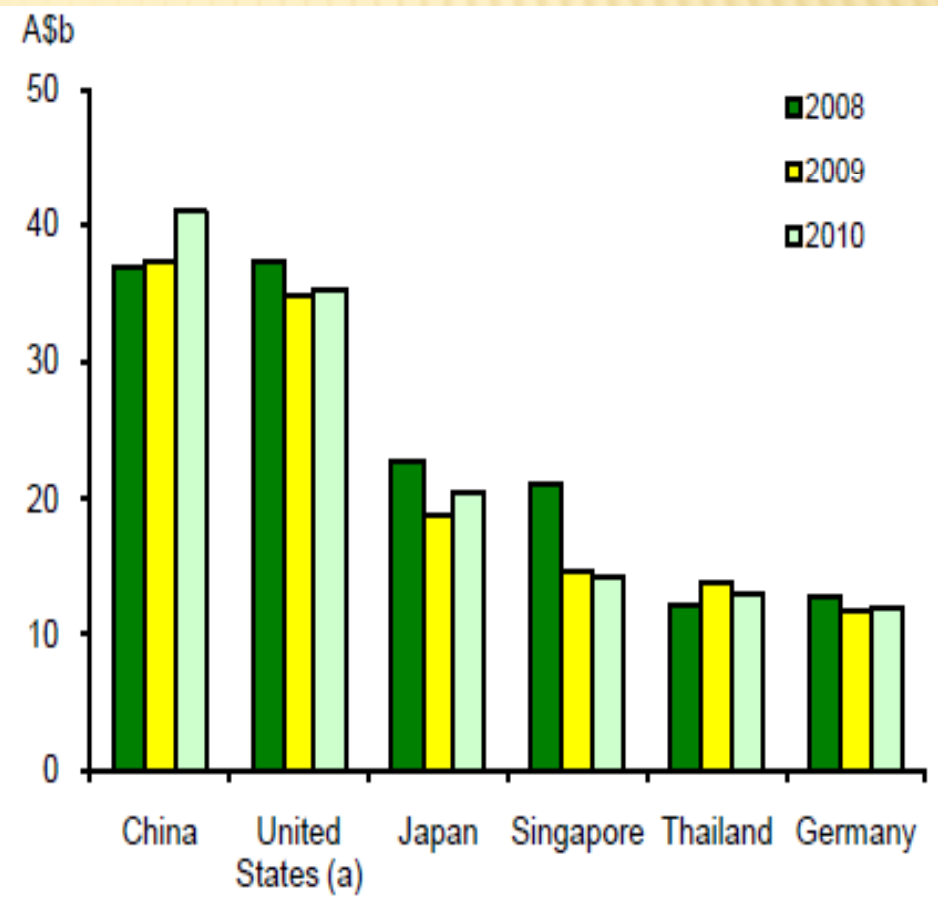
1. Australia-China bilateral trade relation
2. Australia-China bilateral investment relation
3. Share of Australia and China in world market

# 1. AUS-CHINA BILATERAL TRADE

AUS EXPORT MARKET

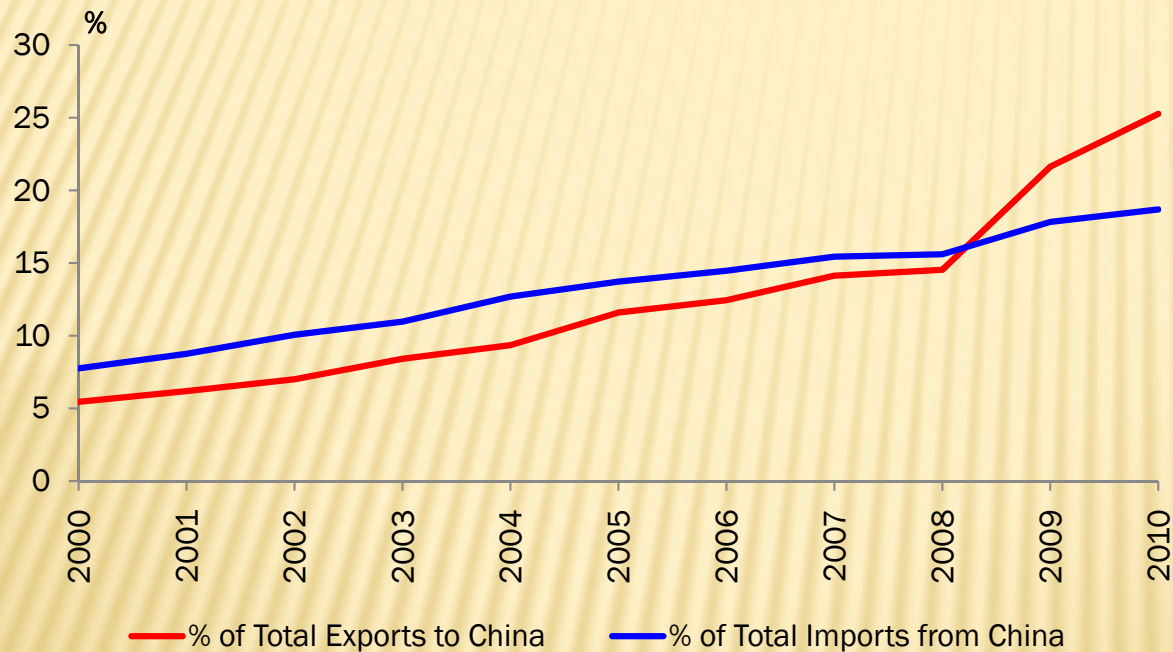


AUS IMPORT MARKET



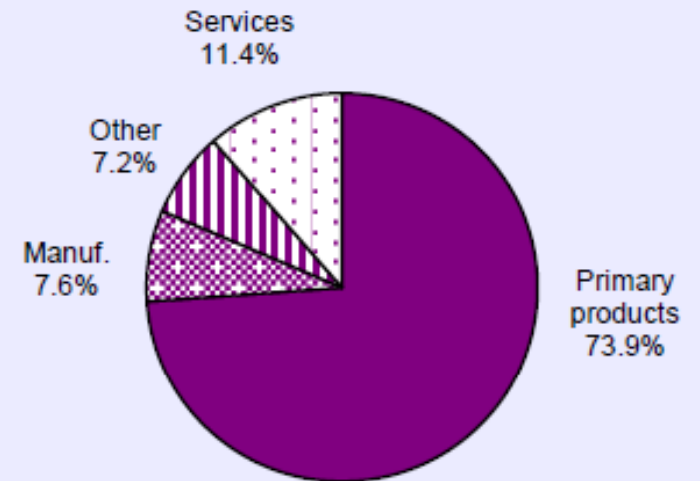
Source: DFAT Report, 2011

# 1. AUS-CHINA BILATERAL TRADE

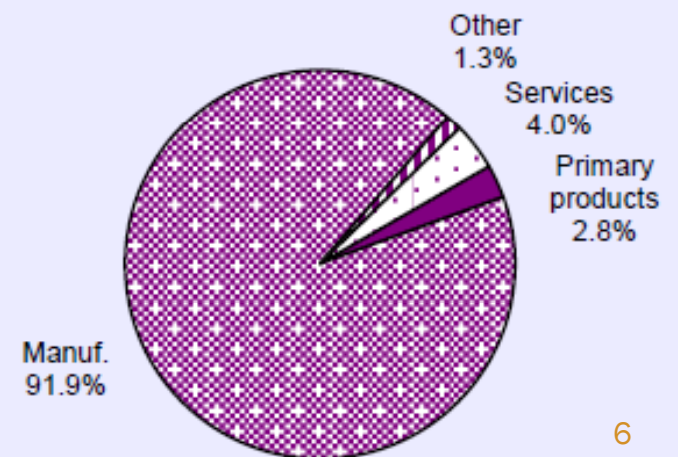


Source: Author's calculation from ABS database

Australia's exports to China, 2009



Australia's imports from China, 2009

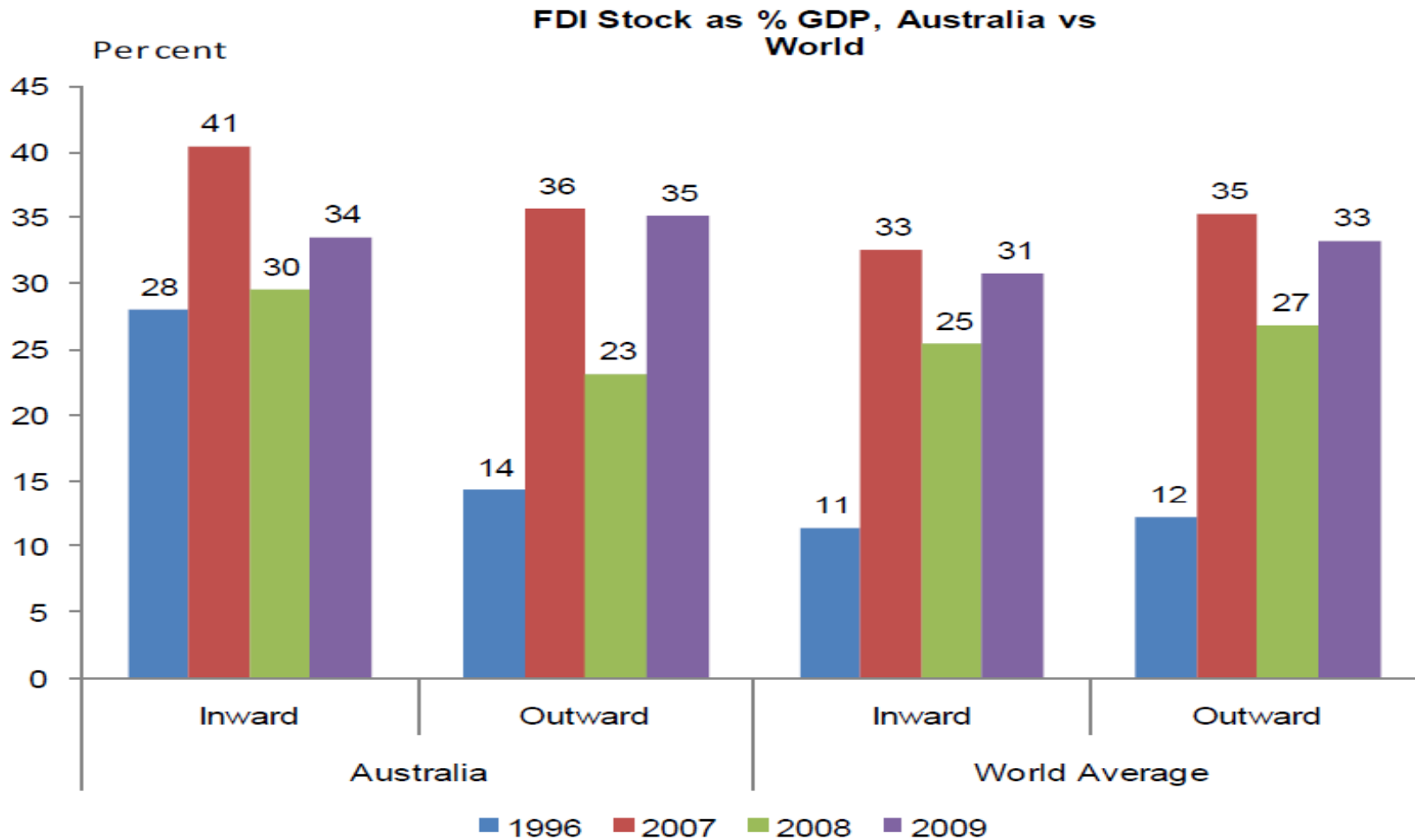


# FUTURE CONSEQUENCES ?

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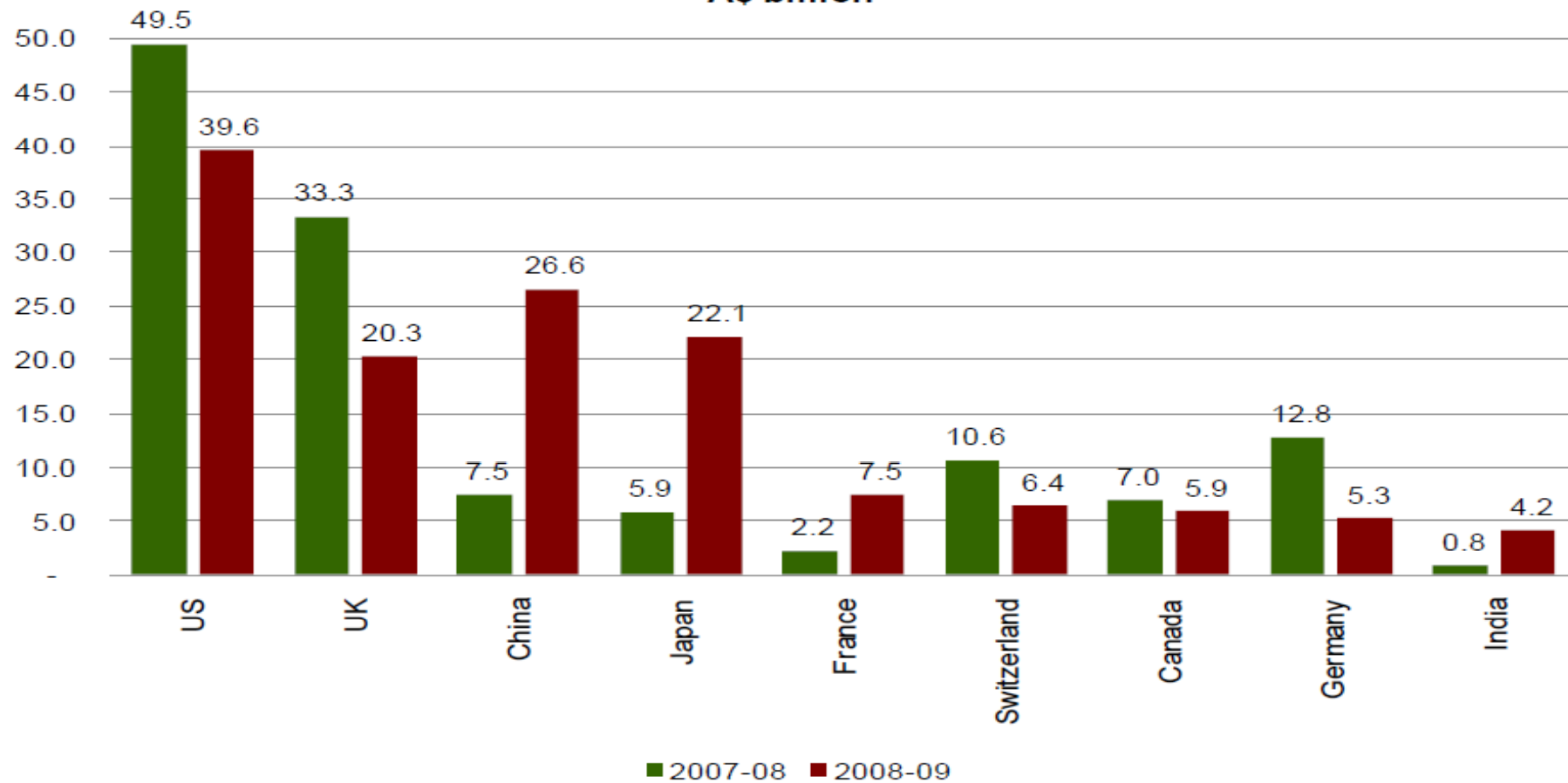
- ✘ Are we heading towards 'Dutch disease'?
- ✘ Symptoms of 'Dutch disease':
  - ❖ Natural resource boom
  - ❖ Currency becomes stronger
  - ❖ Exports – more expensive to other countries
  - ❖ Manufacturing sector becomes less competitive and thus imports increase
- ✘ Economy slows down in the long run due to less technological progress in the manufacturing sector.
- ✘ Australian case: Too early to comment on this!

## 2. AUS-CHINA BILATERAL INVESTMENT



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FIRB Approved Foreign Investment by Major Partners,  
A\$ billion



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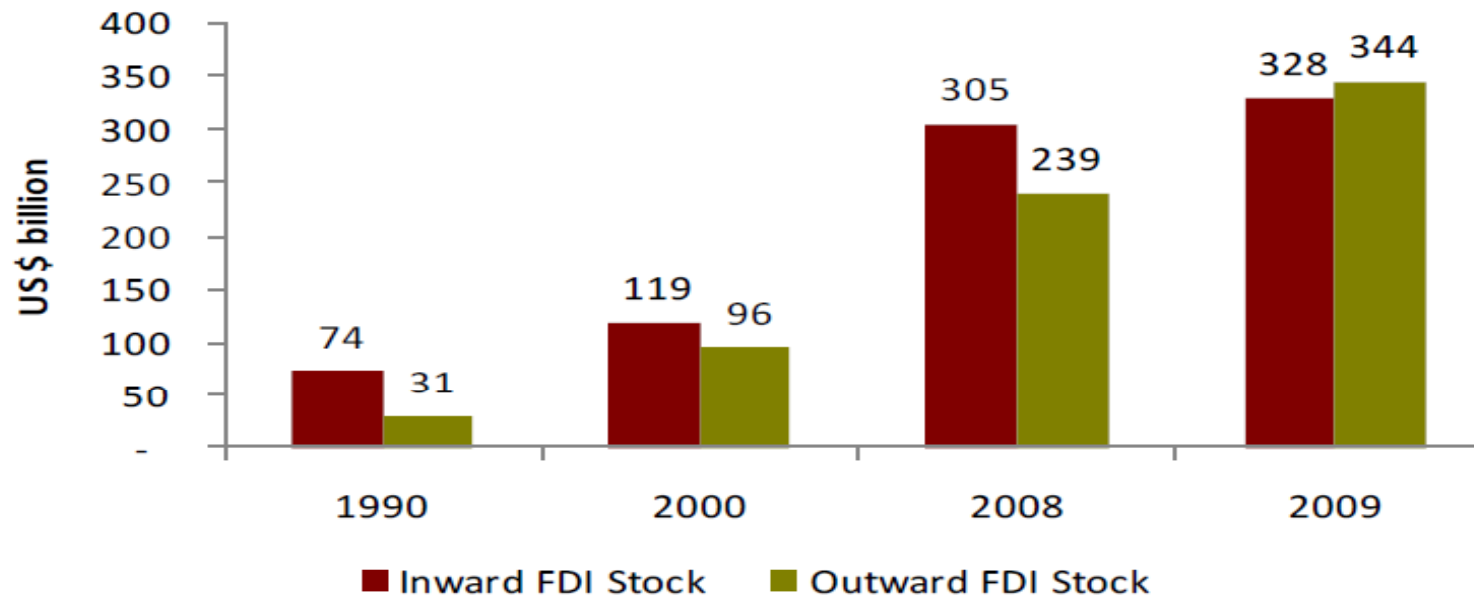
Australia's investment relationship with China, 2010 (e):

Australia's investment in China (A\$m):

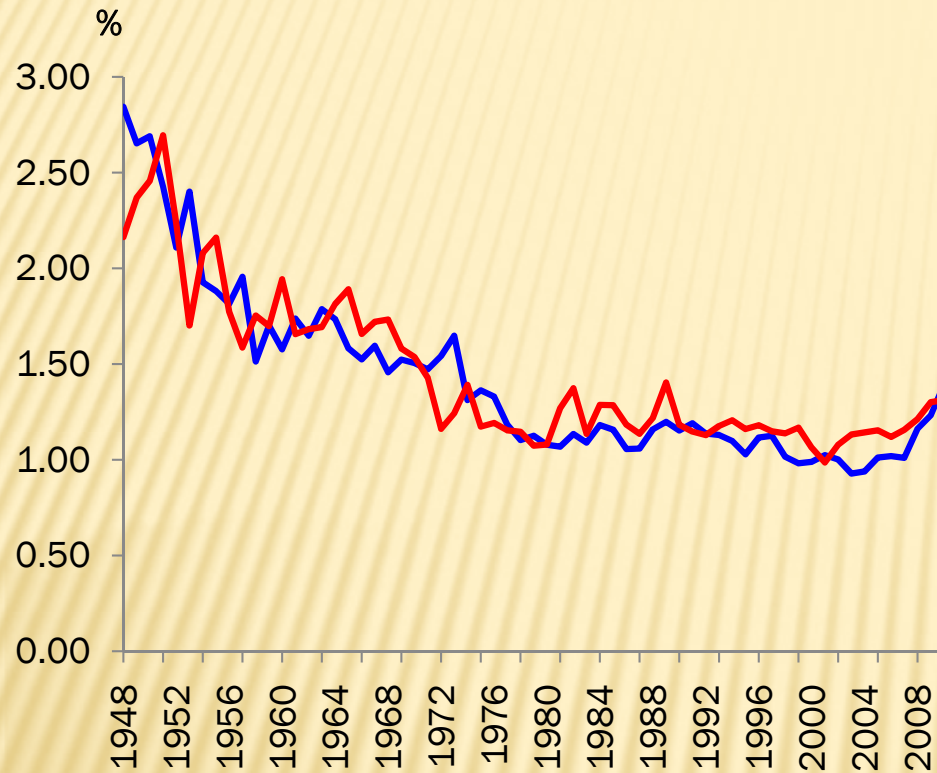
China's investment in Australia (A\$m):

	<i>Total:</i>	<i>FDI:</i>
Australia's investment in China (A\$m):	11,876	6,699
China's investment in Australia (A\$m):	19,525	12,816

**Australia's FDI Stock,  
Inward and Outward, US\$ billion**

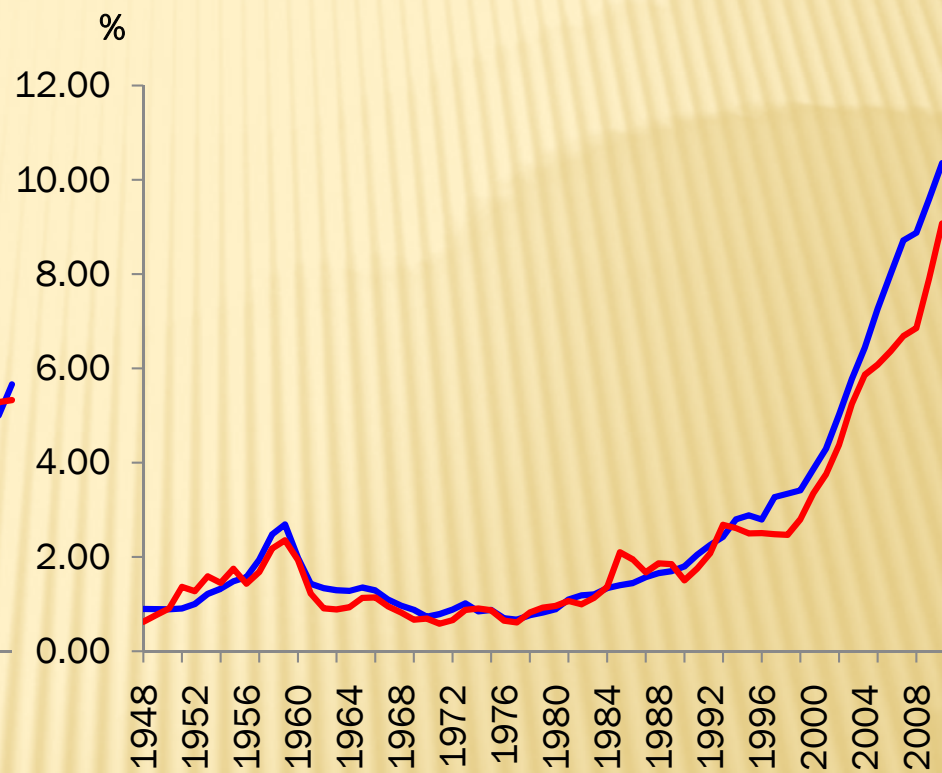


# 3. SHARE IN WORLD MERCHANDISE TRADE



— Share in World export — Share in World import

**AUSTRALIA**

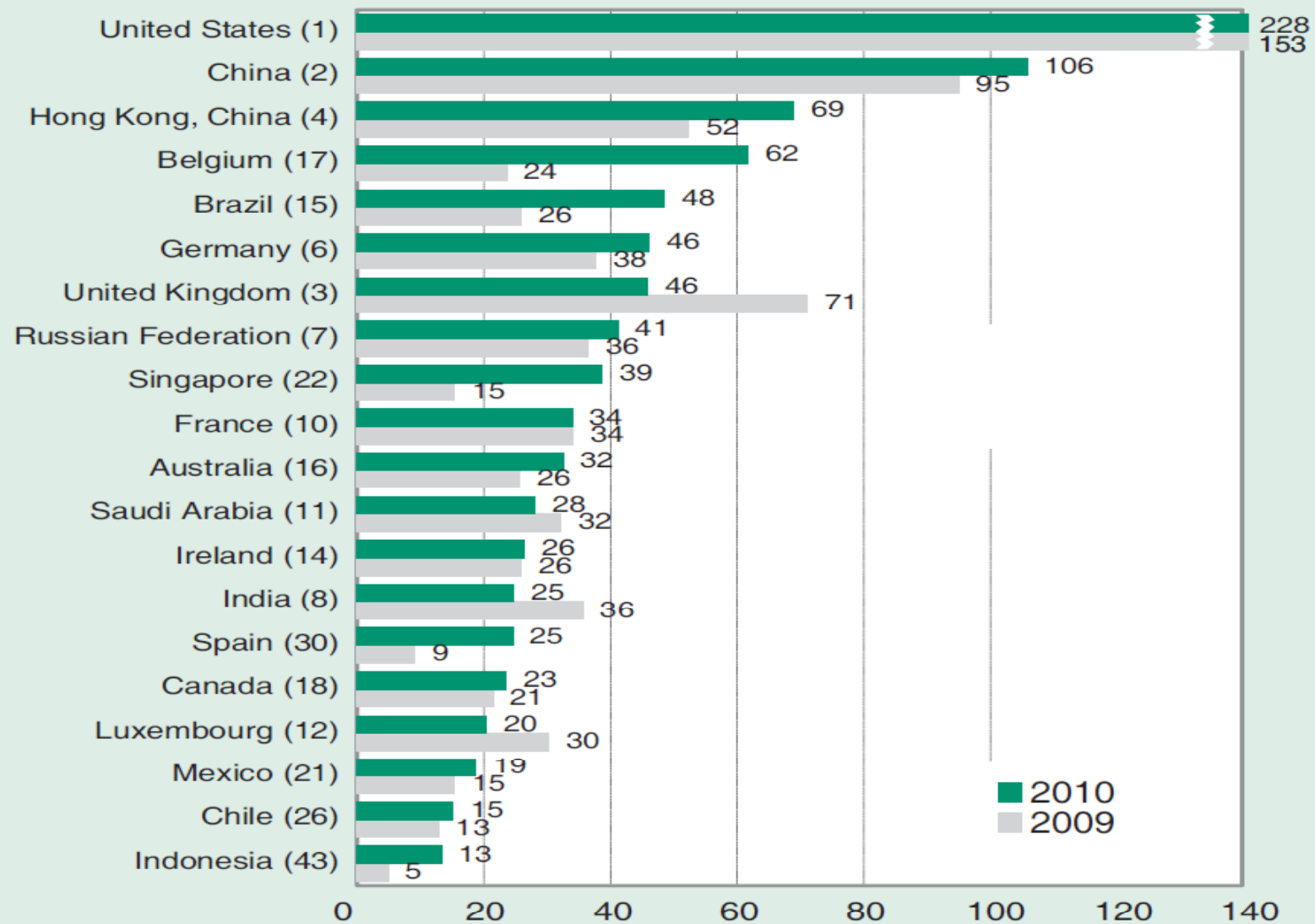


— Share in World export — Share in World import

**CHINA**

Source: Author's calculation from WTO database; 1948-2010

**Figure I.4. Global FDI inflows, top 20 host economies, 2009 and 2010 <sup>a</sup>**  
(Billions of dollars)



Source: UNCTAD Trade and Development Report, 2011

# CONCLUSION

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- ✘ Australia needs to maintain a stable relation.
- ✘ Caution!! Dependency on China.
- ✘ Higher technological progress is expected.
- ✘ FDI position is good.
- ✘ Need to improve global trade position