

FOREIGN OWNERSHIP OF AUSTRALIAN EXPORTERS AND IMPORTERS

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- For further information about these and related statistics, contact the National Information and Referral Service on 1300 135 070 or Glen Malam on Canberra (02) 6252 5040.

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NOTES

ABOUT THIS ISSUE

This is a new issue which presents the results of a study of the foreign ownership characteristics of exporters and importers for reference year 2002-03. This is the first such exercise. Subject to user interest, it is planned to repeat this exercise on an annual basis.

COMMENTS

The ABS welcomes comments and suggestions from users. Comments should be addressed to the Director, Globalisation Section, Australian Bureau of Statistics, Locked Bag 10, Belconnen ACT 2616.

ROUNDING

Where figures have been rounded, discrepancies may occur between the sum of component items and the total.

Susan Linacre
Acting Australian Statistician

ABBREVIATIONS

ABN	Australian Business Number
ABS	Australian Bureau of Statistics
ANZSIC	Australian and New Zealand Standard Industrial Classification
ATO	Australian Taxation Office
ATSI	Aboriginal and Torres Strait Islander
BPM5	Balance of Payments Manual 1993 (Fifth Edition)(International Monetary Fund)
FATS	Foreign Affiliates Trade in Services
GATS	General Agreement on Trade in Services
IMF	International Monetary Fund
MEGI	Manual of Economic Globalisation Indicators
MNE	multinational enterprise
MSITS	Manual on Statistics of International Trade in Services
n.e.c.	not elsewhere classified
n.e.s.	not elsewhere specified
OECD	Organisation for Economic Co-operation and Development
R&D	research and development
SII	Survey of International Investment
SISCA	Standard Institutional Sector Classification of Australia
SITC	Standard International Trade Classification
SITS	Survey of International Trade in Services
SNA93	System of National Accounts 1993
SOFAT	Survey of Outward Foreign Affiliates Trade
UBO	ultimate beneficial owner
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organisation

INTRODUCTION

INTRODUCTION

The ABS has compiled conventional economic indicators for foreign trade and foreign direct investment for several years now. While these data give some structural information, the ABS has not regularly compiled data for the economic activity of multinational firms, nor the international dissemination of technology (both important globalisation indicators). In recent years the ABS has embarked on a series of case studies to test the feasibility of synthesising activity data for multinationals and indicators of technology dissemination by combining data from a number of sources. Early studies examined new capital expenditure by multinationals, the economic activity of multinationals in the mining and information technology industries, and research and development activities of multinationals in Australia. The most recent study, *Economic Activity of Foreign Owned Businesses in Australia* (cat.no. 5494.0), provided information about the business activity and characteristics of majority foreign-owned businesses in the Australian economy for reference year 2000-01.

This study provides information about the export and import activities of identified majority foreign-owned businesses¹ exporting or importing \$1m or more of goods or services in Australia in 2002-03. This complements a previous study, *A Portrait of Australian Exporters: A Report Based on the Business Longitudinal Survey* (cat.no. 8154.0), which also investigated the export activities of majority foreign-owned businesses. However, the results of this study are not strictly comparable with that survey due to scope and business units differences between the collections.

Businesses are deemed to be majority foreign-owned if more than 50% of their equity is held by non-residents. Henceforward, majority foreign-owned businesses will be referred to as foreign-owned, and exporters/importers exporting/importing \$1m or more will be referred to as major exporters/importers. Major exporters/importers are categorised as medium (exports/imports of \$1m or more but less than \$100m) or large (exports/imports of \$100m or more).

Estimates for exporters and importers of merchandise (businesses that export or import goods) were compiled from data sourced from the Australian Customs Service (Customs) and from the Australian Business Register. Estimates for exporters and importers of services, compiled from the ABS Survey of International Trade in Services (SITS), were also included. The value of goods exports and imports is on a merchandise trade basis, while the value of services exports and imports is on a balance of payments basis. This has no effect on the estimates of the number of exporters and minimal effect on the analysis of export and import values. Further details regarding data availability and the methodology used in compiling the estimates are provided in the feature articles *Australia's Importers 2002-03*, and *Australia's Exporters, 2002-03*, both of which are available on the ABS web site <select "Themes", then 'International Trade'>.

Foreign ownership characteristics of exporters and importers were identified by matching the data for the exporting and importing businesses with the foreign ownership data for the same businesses from the ABS Survey of International Investment for those businesses included in that survey. For other businesses, a number of other sources were used, with most ownership data compiled from extensive Internet searches.

¹ Country of majority ownership could not be identified for a large number of businesses (see Explanatory Notes). These businesses are shown as 'unknown' in the tables. Hereafter the words 'identified majority' are omitted but are implied.

ANALYSIS OF RESULTS

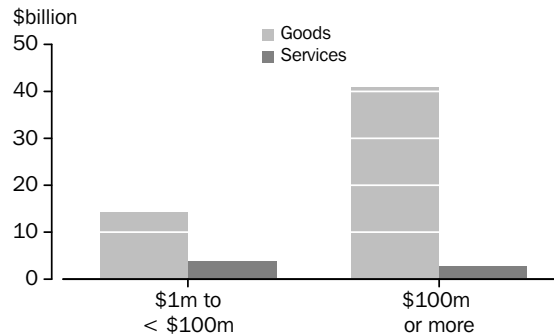
EXPORTERS - ALL INDUSTRIES AND ALL ACTIVITIES

In 2002-03, there were 4,353 major goods exporters (exporters with exports valued \$1m or more annually) contributing \$110.2b of merchandise exports and 732 major services exporters contributing \$14.1b of services exports². Of these, 194 were large goods exporters (exporters with exports valued \$100m or more annually) which contributed \$77.1b of merchandise exports and 20 were large services exporters which contributed \$7.3b of services exports.

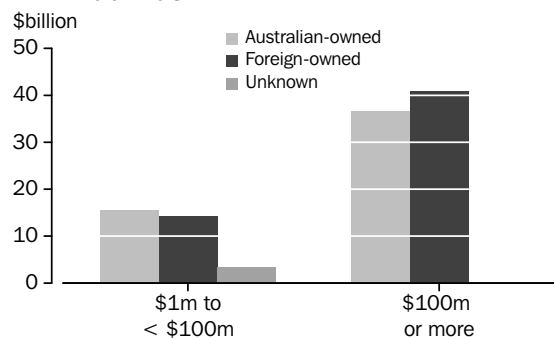
Foreign-owned businesses exported 49% (\$61.4b) of the total value of exports by major exporters of goods or services, 50% (\$54.9b) of goods and 46% (\$6.5b) of services. For medium exporters, foreign-owned businesses exported 43% of goods and 55% of services, compared to 53% of goods and 39% of services for large exporters. Refer to Tables 1 and 2 for further details.

Data for goods exporters by country of ownership should be treated with some caution, as goods produced by an Australian-owned firm may be sold to a foreign-owned firm before export, and vice versa.

1 VALUE OF GOODS & SERVICES EXPORTED BY FOREIGN-OWNED BUSINESSES, 2002-03



2 VALUE OF GOODS EXPORTED BY MAJOR GOODS EXPORTERS, 2002-03

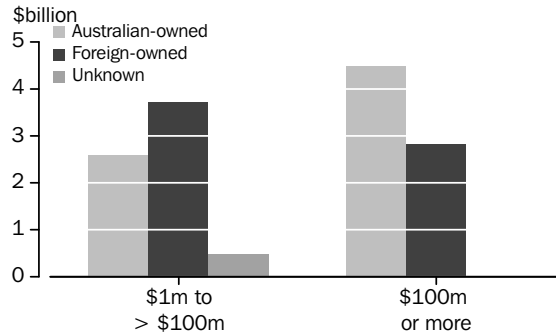


² Note that the population of all exporters exporting over \$1m of goods or services includes only those businesses exporting \$1m or more of either goods or services, but excludes those businesses which have exports of less than \$1m in each of those categories but total exports of \$1m or more.

ANALYSIS OF RESULTS *continued*

EXPORTERS - ALL INDUSTRIES AND ALL ACTIVITIES *continued*

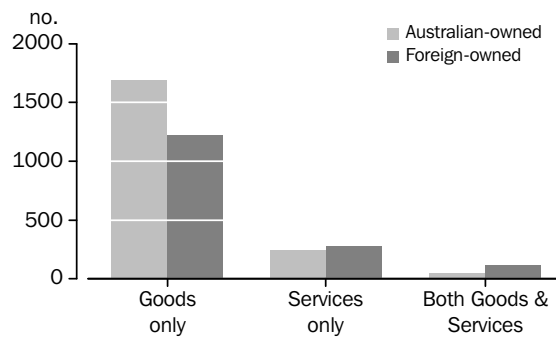
3 VALUE OF SERVICES EXPORTED BY MAJOR SERVICES EXPORTERS, 2002-03



EXPORTERS OF BOTH GOODS AND SERVICES

In 2002-03, 167 businesses were major exporters of both goods and services. Of those, the majority (72%) were foreign-owned. Refer to Table 3 for further details.

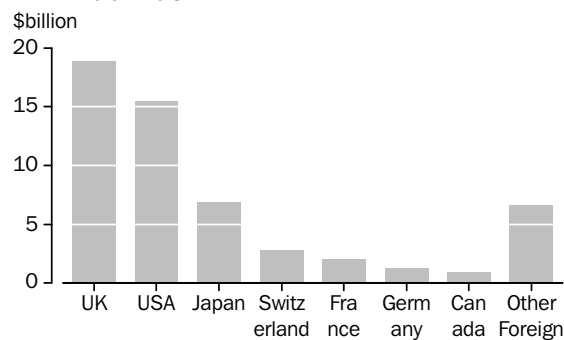
4 NUMBER OF MAJOR EXPORTERS OF BOTH GOODS & SERVICES, BY TYPE OF EXPORT, 2002-03



EXPORTERS BY COUNTRY OF OWNERSHIP

In 2002-03, goods exports of major foreign-owned exporters were valued at \$54.9b, with the UK contributing \$18.8b, the USA \$15.5b, and Japan \$6.9b. There were nearly three times as many USA-owned exporting businesses as UK-owned, but the value of exports by UK goods exporters was larger than that of US goods exporters.

5 VALUE OF GOODS EXPORTS BY COUNTRY OF OWNERSHIP, 2002-03

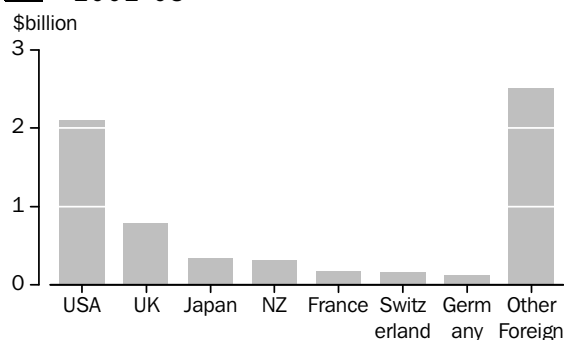


ANALYSIS OF RESULTS *continued*

EXPORTERS BY COUNTRY OF OWNERSHIP *continued*

Services exports for 2002-03 by major foreign-owned exporters totalled over \$6.5b. USA-owned exporters were by far the largest contributors, with over \$2.1b, followed by UK-owned exporters with \$0.8b, Japanese-owned exporters with \$0.3b, and New Zealand-owned exporters with \$0.3b. Twice as many services exporting businesses were USA-owned as UK-owned. Readers should refer to Table 4 for more detailed information.

6 VALUE OF SERVICES EXPORTS BY COUNTRY OF OWNERSHIP, 2002-03



GOODS EXPORTERS BY INDUSTRY OF EXPORTER

In 2002-03, major foreign-owned goods exporters accounted for 50% (\$54.9b) of the total value of exports by major goods exporters. Of these, 595 manufacturers contributed over half (\$27.5b), followed by 79 miners with \$15.5b and 434 wholesalers with \$8.0b. On the other hand, the value of goods exports by Australian-owned businesses³ was dominated by miners with exports of \$20.3b, compared to manufacturers' exports of \$14.8b, and wholesalers' exports of \$11.8b. Australian-owned wholesalers include a number of marketing authorities for agricultural commodities. Readers should refer to Table 5 for more detailed information.

VALUE OF GOODS EXPORTS BY COMMODITY GROUP

Of goods exported by foreign-owned businesses, \$12.4b (53%) were exports of mineral fuels, lubricants and related materials, \$9.2b (45%) were crude materials, inedible, except fuels, and \$8.5b (68%) were machinery and transport equipment. Food and live animals was the largest commodity group exported by Australian-owned businesses (\$11.1b), followed by mineral fuels, lubricants and related materials (\$10.9b), and crude materials, inedible, except fuels (\$10.8b).

By commodity group, foreign-owned businesses exported 70% of the total value of chemical and related products, nes; 68% of machinery and transport equipment; and 53% of mineral fuels, lubricants and related materials. On the other hand, they exported only 20% of the total value of beverages and tobacco, 30% of food and live animals and 41% of animal and vegetable oils, fats and waxes. Refer to Table 6 for further details.

VALUE OF SERVICES EXPORTS BY TYPE OF SERVICE

Transportation services of \$3.0b contributed nearly half of services exports by foreign-owned businesses. Other businesses services was the second largest contributor, with \$1.9b, followed by computer and information services (\$0.8b) and communications services (\$0.6b). Foreign-owned businesses dominated exports of computer and information services (74%) and were prominent in communications (59%), other business services (55%) and transportation services (41%). The estimates in Table 7

³ Identified as majority Australian-owned.

ANALYSIS OF RESULTS *continued*

VALUE OF SERVICES
EXPORTS BY TYPE OF
SERVICE *continued*

should be regarded with some caution as they are based on data from the Survey of International Trade in Services, which was not designed to provide data at this level of detail, and are subject to high standard errors.

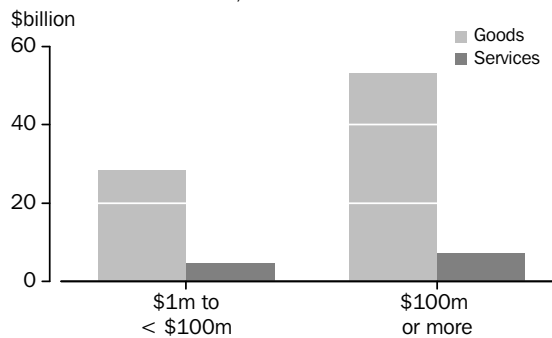
Although a previous study of R&D in Australia showed that foreign-owned businesses spend nearly as much on R&D as Australian-owned ones (42% of total R&D expenditure in 1999-2000), credits for royalties and licence fees by foreign-owned businesses (\$0.2b or 26% of total exports of those services) were small compared to those of Australian-owned businesses (\$0.4b).

IMPORTERS - ALL
INDUSTRIES AND ALL
ACTIVITIES

In 2002-03, there were 8,604 major goods importers (importers with imports valued at \$1m or more annually) with \$125.7b of merchandise imports and 811 major services importers contributing \$16.7b of services imports. Of those, 182 were large goods importers (importers with imports valued \$100m or more annually) which contributed \$66.7b of merchandise imports and 29 were large services importers which contributed \$10.1b of services imports⁴.

Foreign-owned businesses accounted for 65% (\$93.2b) of all imports by major importers of goods or services, 65% (\$81.3b) of goods and 71% (\$11.9b) of services. For large importers, foreign-owned businesses imported 79% of goods and 72% of services, compared to 48% of goods and 70% of services for the medium importers. Refer to Tables 8 and 9 for more detailed information.

7 VALUE OF GOODS & SERVICES IMPORTED BY FOREIGN-OWNED BUSINESSES, 2002-03



⁴ Note that the population of all importers importing over \$1m of goods or services includes only those businesses importing \$1m or more of either goods or services, but excludes those businesses which have imports of less than \$1m in each of those categories but total imports of \$1m or more.

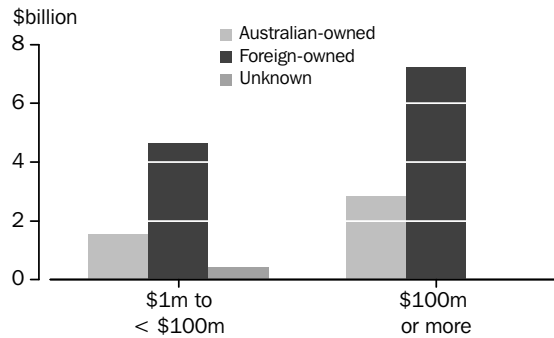
ANALYSIS OF RESULTS *continued*

IMPORTERS - ALL INDUSTRIES AND ALL ACTIVITIES *continued*

8 VALUE OF GOODS IMPORTED BY MAJOR GOODS IMPORTERS, 2002-03



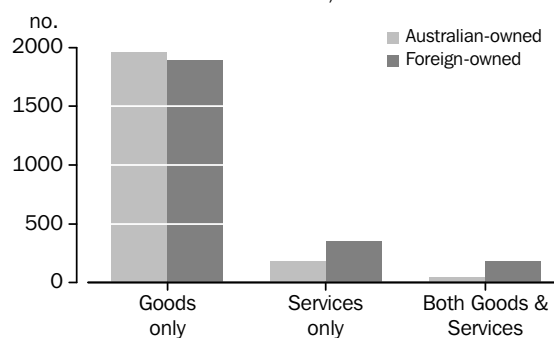
9 VALUE OF SERVICES IMPORTED BY MAJOR SERVICES IMPORTERS, 2002-03



IMPORTERS OF BOTH GOODS AND SERVICES

In 2002-03, 229 businesses were major importers of both goods and services. Of those, the majority (80%) were foreign-owned. See Table 10.

10 NUMBER OF MAJOR IMPORTERS OF BOTH GOODS & SERVICES, BY TYPE OF IMPORT, 2002-03



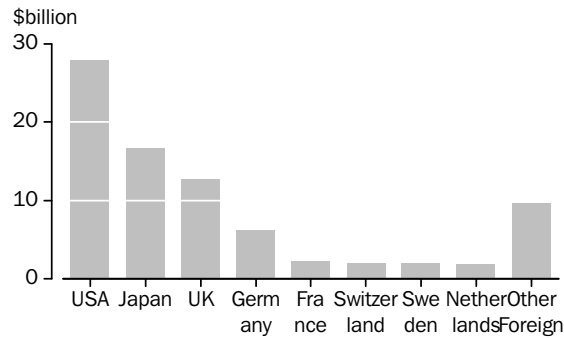
IMPORTERS BY COUNTRY OF OWNERSHIP

In 2002-03, goods imports by major foreign-owned importers were valued at \$81.3b. USA-owned businesses imported \$27.9b (over one third of all imports by foreign-owned companies), compared to imports of \$16.7b and \$12.8b by Japanese and UK-owned businesses, respectively. Almost twice as many goods importing businesses were USA-owned as Japanese and UK-owned importers combined.

ANALYSIS OF RESULTS *continued*

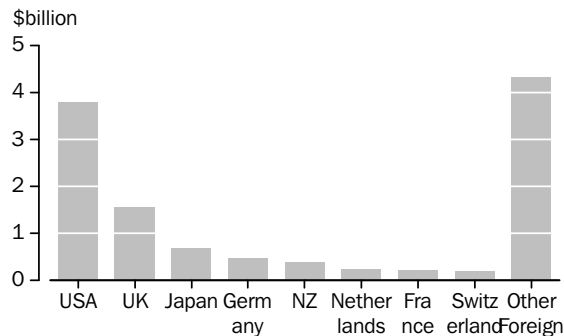
IMPORTERS BY COUNTRY OF OWNERSHIP *continued*

11 VALUE OF GOODS IMPORTS BY COUNTRY OF OWNERSHIP, 2002-03



Services imports for 2002-03 by major foreign-owned importers totalled \$11.9b. USA-owned importers were by far the largest contributors, with \$3.8b, followed by UK-owned importers with \$1.5b, Japanese-owned importers with \$0.7b, and German-owned importers with \$0.5b. 28% of all services importing businesses were USA-owned, followed by UK-owned businesses with 10% and German-owned businesses with 4%. Readers should refer to Table 11 for more detailed information.

12 VALUE OF SERVICES IMPORTS BY COUNTRY OF OWNERSHIP, 2002-03



GOODS IMPORTERS BY INDUSTRY OF IMPORTER

In 2002-03, major foreign-owned goods importers accounted for 65% (\$81.3b) of the total value of imports by major goods importers. Of those, 920 wholesalers imported \$37.8b, 746 manufacturers imported \$35.7b, and 123 retailers imported \$2.8b. The major Australian-owned goods importing industries were wholesale (\$13.5b), manufacturing (\$9.4b), and transport, storage and communication services (\$5.0b). See also Table 12.

VALUE OF GOODS IMPORTS BY COMMODITY GROUP

Of goods imported by foreign-owned businesses, \$42.9b (53%) were machinery and transport equipment, \$10.9b (13%) were chemicals and related products, and \$8.0b (10%) were miscellaneous manufactured articles. Machinery and transport equipment was also the main commodity group imported by Australian-owned businesses (\$13.0b), followed by manufactured goods classified chiefly by material (\$5.8b), and miscellaneous manufactured articles (\$5.5b).

ANALYSIS OF RESULTS *continued*

VALUE OF GOODS IMPORTS BY COMMODITY GROUP *continued*

By commodity group, foreign-owned businesses imported 76% of the total value of mineral fuels, lubricants and related materials, 74% of chemicals and related products and 73% of machinery and transport equipment. On the other hand, they imported only 27% of the total value of crude materials, inedible, except fuels; 30% of animal and vegetable oils, fats and waxes; and 43% of food and live animals imports. Readers should refer to Table 13 for more detailed information.

VALUE OF SERVICES IMPORTS BY TYPE OF SERVICE

Foreign-owned businesses imported \$7.4b worth of transportation and communication services, \$1.9b of other business services, and paid \$1.5b in royalties and licence fees. Foreign-owned businesses accounted for 89% of the total value of royalties and licence fees, 79% of computer and information services, and 76% of transportation and communications services. The estimates in Table 14 should be regarded with some caution, as they are based on data from the Survey of International Trade in Services, which was not designed to provide data at this level of detail, and are subject to high standard errors.

EXPORTS AND IMPORTS BY FOREIGN AFFILIATES

In 2002-03, exports from foreign-owned major exporters to their country of ownership were worth \$13.5b, or 22% of total exports by foreign-owned businesses. Major foreign-owned importers imported \$34.5b worth of goods and services from their country of ownership, or 37% of their total imports. These statistics, shown in Table 15, give some indication of the likely volume of foreign affiliates trade. That is, trade between Australian resident affiliates of foreign enterprise groups and their foreign parents. However, these statistics may also include trade between the Australian resident affiliates and other unrelated enterprise groups in the same country as their foreign parents, while they exclude trade between the Australian resident affiliates and other affiliates of the parent enterprise group located in countries other than that of the foreign parent.

Table 15 shows that goods exports to the country of the foreign parent are only 18% of total goods exports by foreign-owned businesses, whereas 34% of goods imports are from the country of the foreign parent. On the other hand, 54% of services exports are exports to the country of the foreign parent and 55% of services imports are from the country of the foreign parent. By comparing Tables 7 and 15, it can be seen that the services exports to the country of the foreign parent are dominated by transportation and other business services. Similarly, the services imports from the country of the foreign parent are dominated by transportation, other business services and royalties and licence fees (see Tables 14 and 15).

EXPORTERS EXPORTING \$1M OR MORE, Value of Exports, 2002-03

	\$1m to <\$100m	\$100m or more	Total \$1m or more
	\$m	\$m	\$m
GOODS EXPORTERS			
Australian-owned	15 539	36 358	51 897
Foreign-owned	14 162	40 700	54 862
Unknown	3 461	—	3 461
Total	33 162	77 058	110 220
<i>Foreign-owned %</i>	42.7	52.8	49.8
SERVICES EXPORTERS			
Australian-owned	2 602	4 475	7 077
Foreign-owned	3 702	2 816	6 518
Unknown	486	—	486
Total	6 790	7 291	14 081
<i>Foreign-owned %</i>	54.5	38.6	46.3
ALL EXPORTERS EXPORTING \$1M OR MORE OF GOODS OR SERVICES			
Australian-owned	18 141	40 833	58 974
Foreign-owned	17 864	43 516	61 380
Unknown	3 947	—	3 947
Total	39 952	84 349	124 301
<i>Foreign-owned %</i>	44.7	51.6	49.4
— nil or rounded to zero (including null cells)			

2

EXPORTERS EXPORTING \$1M OR MORE, Number of Exporters, 2002-03

	\$1m to <\$100m	\$100m or more	Total \$1m or more
	no.	no.	no.
GOODS EXPORTERS			
Australian-owned	1 657	86	1 743
Foreign-owned	1 239	108	1 347
Unknown	1 263	—	1 263
Total	4 159	194	4 353
<i>Foreign-owned %</i>	29.8	55.7	30.9
SERVICES EXPORTERS			
Australian-owned	289	7	296
Foreign-owned	385	13	398
Unknown	38	—	38
Total	712	20	732
<i>Foreign-owned %</i>	54.0	65.0	54.3

— nil or rounded to zero (including null cells)

3

EXPORTERS EXPORTING \$1M OR MORE OF BOTH GOODS AND SERVICES, 2002-03

	Value of Exports	Number of Exporters
	\$m	no.
Australian-owned	8 445	47
Foreign-owned	15 860	120
Unknown	—	—
Total	24 306	167
<i>Foreign-owned %</i>	65.3	71.9

— nil or rounded to zero (including null cells)

EXPORTERS EXPORTING \$1M OR MORE, by Country of Majority Ownership, 2002-03

	<i>Value of exports</i>	<i>% of total exports</i>	<i>Number of exporters</i>	<i>% of total exporters</i>
	\$m	%	no.	%
GOODS EXPORTERS				
Australia	51 897	47.1	1 743	40.0
Foreign	54 862	49.8	1 347	30.9
UK	18 786	17.0	173	4.0
USA	15 495	14.1	502	11.5
Japan	6 873	6.2	140	3.2
Switzerland	2 788	2.5	53	1.2
France	2 047	1.9	61	1.4
Germany	1 275	1.2	106	2.4
Canada	938	0.9	26	0.6
Other Foreign	6 660	6.0	286	6.6
Unknown	3 461	3.1	1 263	29.0
Total	110 220	100.0	4 353	100.0
SERVICES EXPORTERS				
Australia	7 077	50.3	296	40.5
Foreign	6 518	46.3	398	54.3
USA	2 095	14.9	154	21.0
UK	789	5.6	77	10.5
Japan	339	2.4	22	3.0
New Zealand	310	2.2	6	0.8
France	179	1.3	15	2.0
Switzerland	166	1.2	8	1.1
Germany	130	0.9	14	1.9
Other Foreign	2 509	17.8	102	13.9
Unknown	486	3.5	38	5.2
Total	14 081	100.0	732	100.0

5

EXPORTERS EXPORTING GOODS VALUED AT \$1M OR MORE, by Industry of Exporter, 2002-03

ANZSIC division	VALUE OF GOODS EXPORTS				NUMBER OF GOODS EXPORTERS			
	Australian-owned	Foreign-owned	Unknown	Total Value of Goods Exports	Australian-owned	Foreign-owned	Unknown	Total Number of Goods Exporters
	\$m	\$m	\$m	\$m	no.	no.	no.	no.
Agriculture, Forestry & Fishing	1 792	312	166	2 270	100	17	66	183
Mining	20 301	15 532	63	35 896	77	79	30	186
Manufacturing	14 814	27 535	930	43 279	774	595	431	1 800
Electricity, Gas, Water Supply & Construction	211	215	138	564	15	26	28	69
Wholesale Trade	11 827	7 991	1 398	21 216	514	434	448	1 396
Retail Trade	341	308	161	810	66	47	61	174
Transport, Storage & Communication Services	749	812	164	1 725	53	49	77	179
Finance and Insurance	1 032	1 132	156	2 320	39	27	28	94
Property & Business Services	550	945	174	1 669	68	57	67	192
Government Administration, Defence, Education & Health and Community Services	np	np	4	203	np	np	4	25
Cultural and Recreational Services	26	12	11	49	7	3	7	17
Personal and Other Services	61	39	16	116	10	9	8	27
Other n.e.c.	np	np	80	103	np	np	8	11
Total	51 897	54 862	3 461	110 220	1 743	1 347	1 263	4 353

np not available for publication but included in totals where applicable, unless otherwise indicated

6

EXPORTERS EXPORTING GOODS VALUED AT \$1M OR MORE, by Export Commodity, Value of Exports, 2002-03

Division of SITC	Australian-owned	Foreign-owned	Unknown	Total	Foreign-owned
	\$m	\$m	\$m	\$m	%
Food and live animals	11 103	5 281	1 139	17 523	30.1
Beverages and tobacco	2 091	524	47	2 662	19.7
Crude materials, inedible, except fuels	10 779	9 174	497	20 450	44.9
Mineral fuels, lubricants and related materials	10 889	12 443	151	23 483	53.0
Animal and vegetable oils, fats and waxes	178	131	12	321	40.8
Chemicals and related products, nes	1 354	3 559	145	5 058	70.4
Manufactured goods classified chiefly by material	6 240	5 367	402	12 009	44.7
Machinery and transport equipment	3 226	8 454	684	12 364	68.4
Miscellaneous manufactured articles	1 421	1 920	319	3 660	52.5
Commodities and transactions not classified elsewhere in the SITC	4 616	8 009	65	12 690	63.1
Total	51 897	54 862	3 461	110 220	49.8

EXPORTERS EXPORTING SERVICES VALUED AT \$1M OR MORE, by Type of Service, Value of Exports, 2002-03

	Australian-owned	Foreign-owned	Unknown	Total	Foreign-owned
	\$m	\$m	\$m	\$m	%
Transportation	np	2 953	np	7 273	40.6
Communications	432	635	6	1 073	59.2
Construction	np	7	np	83	8.0
Computer & information	177	772	89	1 038	74.4
Royalties and licence fees	423	150	3	576	26.1
Other business services	1 211	1 895	367	3 472	54.6
Personal, cultural & recreational	440	106	20	565	18.7
Total	7 077	6 518	486	14 081	46.3

np not available for publication but included in totals where applicable, unless otherwise indicated

IMPORTERS IMPORTING \$1M OR MORE, Value of Imports, 2002-03

	\$1m to <\$100m	\$100m or more	Total \$1m or more
	\$m	\$m	\$m
GOODS IMPORTERS			
Australian-owned	20 368	13 800	34 168
Foreign-owned	28 407	52 891	81 298
Unknown	10 210	—	10 210
Total	58 985	66 691	125 676
<i>Foreign-owned %</i>	48.2	79.3	64.7
SERVICES IMPORTERS			
Australian-owned	1 555	2 837	4 392
Foreign-owned	4 646	7 220	11 866
Unknown	424	—	424
Total	6 625	10 057	16 682
<i>Foreign-owned %</i>	70.1	71.8	71.1
ALL IMPORTERS IMPORTING \$1M OR MORE OF GOODS OR SERVICES			
Australian-owned	21 922	16 638	38 560
Foreign-owned	33 053	60 111	93 164
Unknown	10 634	—	10 634
Total	65 610	76 748	142 358
<i>Foreign-owned %</i>	50.4	78.3	65.4

— nil or rounded to zero (including null cells)

IMPORTERS IMPORTING \$1M OR MORE, Number of Importers, 2002-03

	\$1m to <\$100m	\$100m or more	Total \$1m or more
	no.	no.	no.
.....			
GOODS IMPORTERS			
Australian-owned	1 970	34	2 004
Foreign-owned	1 921	148	2 069
Unknown	4 531	—	4 531
Total	8 422	182	8 604
<i>Foreign-owned %</i>	22.8	81.3	24.0

.....			
SERVICES IMPORTERS			
Australian-owned	220	7	227
Foreign-owned	512	22	534
Unknown	51	—	51
Total	782	29	811
<i>Foreign-owned %</i>	65.4	75.9	65.8

— nil or rounded to zero (including null cells)

IMPORTERS IMPORTING \$1M OR MORE OF BOTH GOODS & SERVICES, 2002-03

	Value of Imports	Number of Importers
	\$m	no.
.....		
Australian-owned	8 405	46
Foreign-owned	30 787	183
Unknown	—	—
Total	39 192	229
<i>Foreign-owned %</i>	78.6	79.9

— nil or rounded to zero (including null cells)

	<i>Value of imports</i>	<i>% of total imports</i>	<i>Number of importers</i>	<i>% of total importers</i>
	\$m	%	no.	%
.....				
GOODS IMPORTERS				
Australia	34 168	27.2	2 004	23.3
Foreign	81 298	64.7	2 069	24.0
USA	27 901	22.2	756	8.8
Japan	16 676	13.3	178	2.1
UK	12 750	10.1	219	2.5
Germany	6 183	4.9	209	2.4
France	2 299	1.8	93	1.1
Switzerland	2 000	1.6	56	0.7
Sweden	1 984	1.6	54	0.6
Netherlands	1 814	1.4	48	0.6
Other Foreign	9 691	7.7	456	5.3
Unknown	10 210	8.1	4 531	52.7
Total	125 676	100.0	8 604	100.0
.....				
SERVICES IMPORTERS				
Australia	4 392	26.3	227	27.9
Foreign	11 866	71.1	534	65.8
USA	3 787	22.7	224	27.7
UK	1 543	9.2	79	9.7
Japan	685	4.1	26	3.2
Germany	475	2.8	32	3.9
New Zealand	394	2.4	9	1.1
Netherlands	241	1.4	22	2.7
France	211	1.3	31	3.8
Switzerland	203	1.2	13	1.6
Other Foreign	4 326	25.9	98	12.1
Unknown	424	2.5	51	6.3
Total	16 682	100.0	811	100.0
.....				

12

IMPORTERS IMPORTING GOODS VALUED AT \$1M OR MORE, by Industry of Importer, 2002-03

ANZSIC division	VALUE OF GOODS IMPORTS				NUMBER OF GOODS IMPORTERS			
	Australian-owned	Foreign-owned	Unknown	Total Value of Goods Imports	Australian-owned	Foreign-owned	Unknown	Total Number of Importers
	\$m	\$m	\$m	\$m	no.	no.	no.	no.
Agriculture, Forestry & Fishing	188	133	76	397	19	13	40	72
Mining	1 008	1 003	41	2 052	33	35	14	82
Manufacturing	9 362	35 702	2 086	47 150	675	746	919	2 340
Electricity, Gas & Water Supply	29	np	np	103	10	np	np	17
Construction	249	731	175	1 155	24	35	85	144
Wholesale Trade	13 536	37 754	6 128	57 418	895	920	2 601	4 416
Retail Trade	3 370	2 750	1 043	7 163	182	123	454	759
Accommodation, Cafes & Restaurants	23	—	12	35	3	—	6	9
Transport, Storage & Communication Services	5 026	742	114	5 882	36	50	59	145
Finance and Insurance	705	419	114	1 238	31	26	65	122
Property & Business Services	265	1 464	209	1 938	51	80	193	324
Government Administration and Defence	104	np	7	np	np	np	np	16
Education, Health and Community Services	np	8	np	np	17	5	9	31
Cultural and Recreational Services	60	63	81	204	8	8	25	41
Personal and other Services	18	153	25	196	7	12	22	41
Other n.e.c.	np	228	95	np	np	9	np	45
Total	34 168	81 298	10 210	125 676	2 004	2 069	4 531	8 604

— nil or rounded to zero (including null cells)

np not available for publication but included in totals where applicable, unless otherwise indicated

13

IMPORTERS IMPORTING GOODS VALUED AT \$1M OR MORE, by Import Commodity, Value of Imports, 2002-03

SITC division	Australian-owned	Foreign-owned	Unknown	Total	Foreign-owned
	\$m	\$m	\$m	\$m	%
Food and live animals	2 013	2 057	691	4 761	43.2
Beverages and tobacco	265	721	35	1 021	70.6
Crude materials, inedible, except fuels	1 016	492	292	1 800	27.3
Mineral fuels, lubricants and related materials	np	7 592	np	10 008	75.9
Animal and vegetable oils, fats and waxes	211	103	29	343	30.0
Chemicals and related products, nes	2 995	10 917	779	14 691	74.3
Manufactured goods classified chiefly by material	5 848	6 400	2 420	14 668	43.6
Machinery and transport equipment	13 042	42 909	2 889	58 840	72.9
Miscellaneous manufactured articles	5 456	8 042	3 044	16 542	48.6
Commodities and transactions not classified elsewhere in the SITC	np	2 065	np	3 002	68.8
Total	34 168	81 298	10 210	125 676	64.7

np not available for publication but included in totals where applicable, unless otherwise indicated

14

IMPORTERS IMPORTING SERVICES VALUED AT \$1M OR MORE, by Type of Service, Value of Imports, 2002-03

	<i>Australian-owned</i>	<i>Foreign-owned</i>	<i>Unknown</i>	<i>Total</i>	<i>Foreign-owned</i>
	\$m	\$m	\$m	\$m	%
Transportation & communications	2 196	7 358	71	9 625	76.4
Construction	—	—	—	—	—
Computer & information	124	719	69	912	78.9
Royalties and licence fees	137	1 549	49	1 735	89.3
Other business services	1 508	1 868	201	3 577	52.2
Personal, cultural & recreational	427	371	34	833	44.5
Total	4 392	11 866	424	16 682	71.1

— nil or rounded to zero (including null cells)

15

INTERNATIONAL TRADE BY FOREIGN-OWNED BUSINESSES WITH THEIR COUNTRY OF MAJORITY OWNERSHIP, by Value, 2002-03

		<u>EXPORTS TO</u>			<u>IMPORTS FROM</u>		
		<i>Goods</i>	<i>Services</i>	<i>Total</i>	<i>Goods</i>	<i>Services</i>	<i>Total</i>
Country of foreign parent	\$m	10 028	3 520	13 549	27 983	6 558	34 541
All countries	\$m	54 862	6 518	61 380	81 298	11 866	93 164
Country of foreign parent	%	18.3	54.0	22.0	34.4	55.3	37.1

EXPLANATORY NOTES

- 1** This section outlines the main statistical concepts associated with measuring the international trade activity of foreign-owned businesses in Australia. The analysis uses data collected by the Australian Customs Service (Customs), the Australian Business Register (ABR), the ABS Survey of International Trade in Services (SITS) and the ABS Survey of International Investment (SII). For businesses not surveyed in SII, foreign ownership characteristics were identified using information from a variety of sources including annual reports and the Internet.
- 2** Australian resident businesses exporting or importing goods or services with a total value of exports or imports in 2002-03 of \$1m or more.
- 3** The estimates are subject to limitations of the available data and methodology.
- 4** The owner of the goods is not necessarily the same business or in the same industry that produced the goods. For example, agricultural products are often exported by commodity marketing businesses classified to the wholesaling industry; and businesses solely engaged in importing goods for resale are also classified as wholesalers. Therefore, the country of ownership of the owner of the goods may differ from the country of ownership of the producer, e.g. an Australian-owned farm may sell goods to a foreign-owned wholesaler.
- 5** Some merchandise exports and imports are undertaken by entities that do not operate as businesses within Australia and so are not required to have an ABN. Those entities include foreign companies that have taken ownership of the good before the good leaves Australia. Exports by those entities have been excluded from this study because they do not contribute to Australia's economic activity as defined by the System of National Accounts 1993 (SNA93) and the fifth edition of the Balance of Payments Manual (BPM5). However, their exports and imports were acknowledged in previous studies of the number of exporters.
- 6** SITS is the main source of international trade in services statistics. It measures international trade in services between residents of Australia and residents of the rest of the world (non-residents). Trading enterprises, financial corporations and public sector enterprises known to have international trade in services activity are included in the survey. Note that the present study included only those services data that are sourced from SITS. Some services data (e.g. travel) are not sourced from SITS.
- 7** SII is the main source of international investment statistics. It measures international investment activity between residents of Australia and non-residents. All corporations (including publicly-owned ones) known to have foreign investment activity are in scope of the survey.
- 8** The statistical unit used in this study and in the Customs data is the ABN. The statistical unit in SITS and SII is the enterprise, defined as a unit within the enterprise group covering all legal entities classified to the same subsector within the Standard Institutional Sector Classification of Australia (SISCA). For SITS units, there was usually a one-to-one match between the enterprise and the ABN, so it was possible to identify units which were exporters/importers of both goods and services. When an ABN was found to belong to an enterprise group, it was deemed to have the same ownership characteristics as the enterprise group.
- 9** For exports/imports of goods, statistics about the exporting/importing industry are classified according to the Australian and New Zealand Standard Industrial Classification (ANZSIC), 1993 (cat. no. 1292.0).

EXPLANATORY NOTES *continued*

CLASSIFICATION BY COMMODITY	10 For goods exports and imports, commodity statistics are classified according to the third revision to the Standard International Trade Classification (SITC) published by the United Nations.
REFERENCE PERIOD	11 The statistical results presented in this publication are based on data collected from selected businesses for the year ending 30 June 2003.
IMMEDIATE FOREIGN OWNER/ULTIMATE BENEFICIAL OWNER	12 SII publishes data showing the immediate foreign owner (first across the economic frontier). However, both the Manual on Statistics of International Trade in Services (MSITS) and the draft Manual on Economic Globalisation Indicators (MEGI) recommend that, where possible, Foreign Affiliates Trade in Services (FATS) and globalisation indicator data should be compiled on an ultimate beneficial owner (UBO) basis. 13 Where possible data used in this study were compiled on an UBO basis. The country of ownership was the country of the majority owner (over 50% of a business voting equity). 14 MSITS recommends that FATS variables should be collected only for majority-owned affiliates (over 50%). Similarly, MEGI recommends that globalisation indicators be compiled for enterprises under effective foreign control, defined as enterprises where majority voting power (over 50%) is held by a single direct foreign investor or by a group of associated investors acting in concert. The direct investment group consists of subsidiaries, sub-subsidiaries and associates (unless the direct investment enterprise is itself an associate). The statistics in this study have been compiled on the MSITS/MEGI basis.
RELATIVE STANDARD ERRORS	15 Estimates for exports and imports of goods were obtained by complete enumeration and hence are not subject to sampling error. Estimates for exports and imports of services are subject to sampling error.
ABS CONFIDENTIALITY RESTRICTIONS	16 The ABS is not permitted to publish any data which allows the identification of any individual business. For this reason it has been necessary to suppress some cells of the published tables (denoted np). To allow publication of the maximum amount of data, where a cell relating to a particular country has been suppressed, the suppressed data have been included in the Other foreign countries estimate for that indicator.
USE OF AUSTRALIAN CUSTOMS SERVICE AND ABR DATA	17 Supply of customs and ABR information to the ABS for statistical purposes is provided for by the Census and Statistics Act 1905. Data supplied to the ABS are protected by the secrecy provisions of Section 19 of the Act.

APPENDIX 1 STATISTICAL FRAMEWORK

INTERNATIONAL STANDARD

Economic globalisation is not a new phenomenon; countries have to some extent conducted trade for centuries. However, the intensity of transactions and interdependency of economies gathered pace rapidly over the 1980's and 90's, and has given rise to economic, social and environmental issues which need to be taken into account by policy makers and economic analysts. Traditional balance of payments statistics provide useful data for the measurement of international transactions, however, new statistical needs have developed for measures of the impact of these transactions. To enable international comparisons and statistical consistency, a working party under the sponsorship of the OECD is developing a framework to guide national statistical agencies in their development of statistical indicators of economic globalisation.

This framework for statistical indicators is currently in draft form. The Manual on Economic Globalisation Indicators (MEGI) outlines three types of indicators characteristic of economic globalisation:

- Indicators relating to trade.
- Indicators involving direct foreign investment and the structure of the activities of multinational firms.
- Indicators of international dissemination of technology.

The most recent completed statistical manual that relates to globalisation is the Manual on Statistics of International Trade in Services (MSITS), published in 2002. In particular, MSITS extends the traditional balance of payments statistics definition of international trade in services to include the value of services provided through foreign affiliates established abroad and calls for the separate measurement of business activity data for affiliates.

MSITS sets out an internationally agreed framework for the compilation and reporting of statistics on international trade in services which conforms with and explicitly relates to the SNA93 and the BPM5. MSITS provides for the collection of international trade in services statistics for the four modes of supply defined in the 1995 General Agreement on Trade in Services (GATS). The four modes are:

Mode 1. Cross border supply

Mode 2. Consumption abroad

Mode 3. Commercial presence

Mode 4. Presence of natural persons

MSITS extends the BPM5 definition of international trade in services to include the value of services provided through foreign affiliates established abroad, described in MSITS as foreign affiliates trade in services (FATS). These services correspond to Mode 3, as defined in GATS.

Data about multinationals are collected in studies of inward and outward foreign affiliates trade, where inward foreign affiliates trade is defined as trade between foreign-owned affiliates in the host economy (e.g. Australia) and their foreign parents, and outward foreign affiliates trade is trade between Australian parent companies and their foreign affiliates abroad.

The ABS is currently developing statistics for inward and outward foreign affiliates trade. This present study will provide a survey framework for a planned Survey of Inward Foreign Affiliates Trade which will provide the full range of economic variables for inward foreign affiliates trade in services required by MSITS and, when combined with data from other ABS economic collections, the relevant globalisation indicators as recommended in the upcoming MEGI.

APPENDIX 2 PREVIOUS STUDIES OF FOREIGN OWNERSHIP

Several globalisation case studies were undertaken prior to this exercise to examine the foreign ownership characteristics of businesses in particular areas of interest. The study of businesses in the mining industry in 1997-98 showed that foreign-owned businesses made a larger contribution to industry turnover than Australian-owned businesses, but a lower contribution to industry employment and capital expenditure. Expenditure on wages and salaries by the mining industry was shared evenly between foreign-owned and Australian-owned businesses.

A study of the ownership of businesses undertaking capital expenditure for the 1998-99 financial year showed the lower contribution of foreign-owned businesses to capital expenditure was not restricted to the mining industry, with the capital expenditure by foreign-owned businesses less than half the capital expenditure by Australian-owned businesses.

A study of research and experimental development activity for the 1999-2000 financial year found that foreign-owned businesses spent almost as much on research and experimental development as Australian-owned businesses. The manufacturing industry experienced the highest levels of research and experimental development activity, with foreign-owned and Australian-owned businesses contributing equally. Foreign-owned businesses dominated research and experimental development activity by wholesale and retail businesses, both in terms of research and experimental development expenditure and human resources devoted to research and experimental development.

Two studies were undertaken examining the foreign ownership characteristics of specialist Information Technology (IT) businesses. The most recent examined the activity of IT businesses in 2000-01 and updated a previous study of IT businesses for 1998-99. In both studies, foreign-owned businesses dominated the IT components of the wholesale industry. Foreign-owned businesses significantly increased activity in the IT components of the manufacturing industry between 1998-99 and 2000-01 to the extent that by 2000-01, they dominated that industry also. In the computer services industry, both Australian-owned and foreign-owned businesses increased economic activity by roughly the same magnitude so that, as with the 1998-99 study, the 2000-01 study found that foreign-owned businesses provided a similar level of employment to Australian-owned businesses, but they accounted for more than half the income. In both studies, majority USA-owned businesses had the largest economic activity of foreign-owned businesses to the extent that they were comparable to Australian-owned businesses in terms of employment and exceeded Australian-owned businesses in terms of income.

The most recent study examined the foreign ownership characteristics of a wide range of businesses engaged in economic activity in Australia in 2000-01. It was the first such study to cover all industries (except agriculture, forestry and fishing) in the same reference year and provided a more comprehensive range of data items than previous studies. Data were provided for the number of operating businesses, employment, income, expenses, operating profit before tax, total assets, total liabilities, gross fixed capital formation and industry value added. The study found that foreign-owned businesses employed 12% of all employees in Australia, contributed 25% of gross fixed capital formation, and accounted for 21% of Australia's total value added. Foreign-owned businesses made notable contributions to the mining and manufacturing industries, generating 45% and 34% of industry value added respectively. Of all foreign-owned businesses, USA-owned businesses made the largest contribution to the Australian economy for all indicators except operating profit, where UK-owned businesses made the largest contribution. Other countries with significant ownership of Australian resident companies were Japan, Germany, Switzerland, New Zealand, France, Canada, Sweden and the Netherlands.

APPENDIX 3 RELATED PUBLICATIONS

RELATED PUBLICATIONS

- A Portrait of Australian Exporters: A Report Based on the Business Longitudinal Survey* (cat. no. 8154.0)
- Australia's Exporters*, 2002-03, ABS website
- Australia's Importers*, 2002-03, ABS website
- Australian Outward Foreign Affiliates Trade*, to be published in *International Trade in Goods and Services, Australia*, May 2004 (cat. no. 5368.0)
- Balance of Payments and International Investment Position, Australia* (cat. no. 5302.0)
- Economic Activity of Foreign Owned Businesses in Australia*, 2000-01 (cat. no. 5494.0)
- Experimental Statistics on Australia's Exporters and Importers, International Merchandise Trade, Australia*, June Qtr 2002 (cat. no. 5422.0)
- Foreign Ownership Characteristics of Businesses Undertaking Research and Experimental Development Activity in Australia, 1999-2000*, published in *Australian Economic Indicators*, August 2002 (cat. no. 1350.0)
- Foreign Ownership Characteristics of Businesses Undertaking Capital Expenditure in Australia, 1998-1999*, published in *Australian Economic Indicators*, July 2001 (cat. no. 1350.0)
- Foreign Ownership Characteristics of Information Technology Businesses*, published in *Australian Economic Indicators*, March 2002 and March 2003 (cat. no. 1350.0)
- Globlisation and Foreign Investment* special article in *Australian Mining Industry*, 1998-1999 (cat. no. 8414.0)
- International Trade in Goods and Services, Australia*, November 2003 (cat. no. 5368.0)
- Manual on Economic Globalisation Indicators*, OECD, Paris, in progress 2004
- Manual on Statistics of International Trade in Services*, UN/OECD/IMF/UNCTAD/WTO, 2002

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