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**BALANCE OF PAYMENTS
AUSTRALIA
SEPTEMBER QUARTER 1987**

IAN CASTLES
Australian Statistician

• Commonwealth of Australia 1987

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CHANGES IN THIS ISSUE

Changes to the presentation and data content of some investment income and capital account items are made in this publication. See page 13 for details.

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MAIN FEATURES

Estimates of the main balance of payments aggregates for the September quarter 1987 and the preceding quarter are shown in the following table together with related data on exchange rates and the trade weighted index.

MAIN AGGREGATES, EXCHANGE RATES AND THE TRADE-WEIGHTED INDEX

	1987					
	Not seasonally adjusted			Seasonally adjusted		
	Jun qtr	Sep qtr	Per cent change (a)	Jun qtr	Sep qtr	Per cent change (a)
MAIN AGGREGATES (\$ million)						
Balance on current account	-2905	-3591	-24	-3349	-2965	+12
Balance on goods and services	-459	-1612	-251	-691	-887	-28
Balance on merchandise trade	220	-666	..	-98	-198	-102
Net services	-679	-946	-39	-593	-689	-16
Net income	-2765	-2409	+13	-3032	-2507	+17
Net unrequited transfers	319	430	+35	374	429	+15
Balance on capital account	-869	-1283	..	..	..	..
Official	-1373	-1295	..	..	..	..
Non-official	504	12	..	..	..	..
EXCHANGE RATES - UNITS OF FOREIGN CURRENCY PER \$A (b)						
United States dollar	.7142	.7143	..	..	..	..
Special drawing right	.5518	.5594	+1.4	..	..	..
TRADE-WEIGHTED INDEX OF THE VALUE OF THE \$A (MAY 1970=100) (b)						
	55.6	56.1	+0.9	..	..	..

(a) For the current account, a minus sign means an increase in the deficit or a decrease in the surplus and a plus sign means a decrease in the deficit or an increase in the surplus.
 (b) Period averages.

September quarter 1987 compared with June quarter 1987

• **Goods and services** (seasonally adjusted). The deficit on goods and services increased by \$196 million due to a small fall in exports and a small rise in imports. Both the merchandise trade and services deficits widened.

• **Income and unrequited transfers** (seasonally adjusted). The income deficit decreased by \$525 million in the September quarter. Both a rise in income credits and a fall in income debits contributed to the decreased deficit. The unrequited transfers surplus increased by \$55 million.

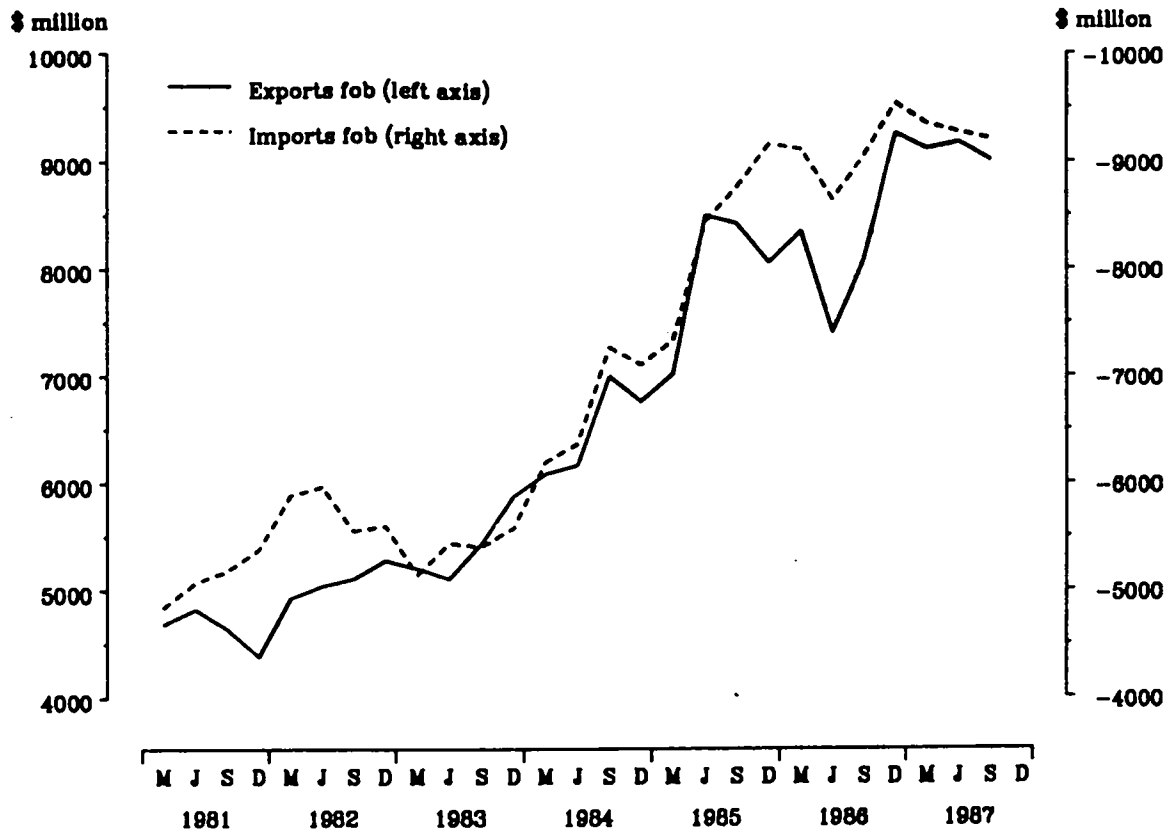
• **Official capital** (not seasonally adjusted). The slight fall in the net outflow was due to a lower net outflow on Reserve Bank transactions (mainly on account of official

reserve assets) partially offset by a lower net inflow on general government transactions (mainly on account of borrowing).

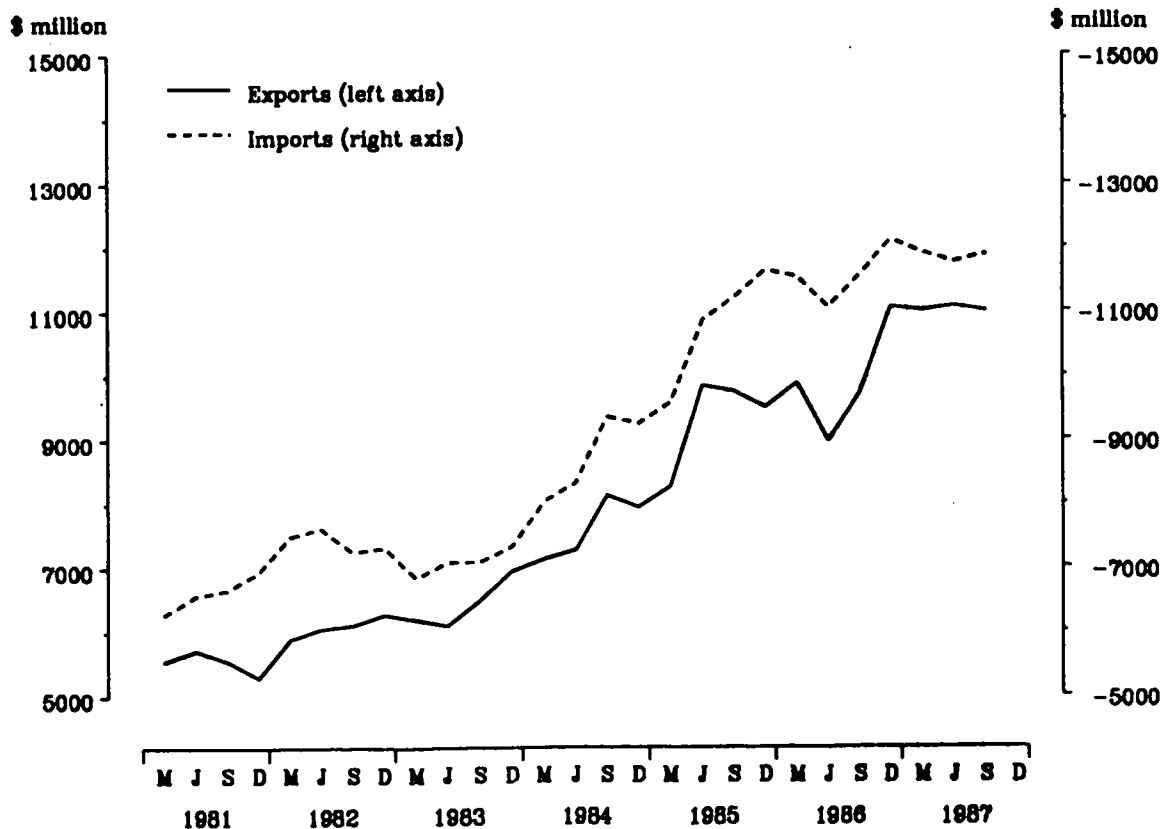
• **Non-official capital** (not seasonally adjusted). The fall in the net inflow resulted from a substantial rise in Australian investment abroad which more than offset a large increase in foreign investment in Australia. The increase in Australian investment abroad largely reflects a turnaround in lending abroad by Australian enterprises from a net reduction in claims on non-residents (an inflow) to a net increase (an outflow). The increase in foreign investment in Australia largely reflects a turnaround in borrowing from a net reduction in liabilities to non-residents (an outflow) to a net increase (an inflow).

GRAPHS OF PRINCIPAL BALANCE OF PAYMENTS AGGREGATES

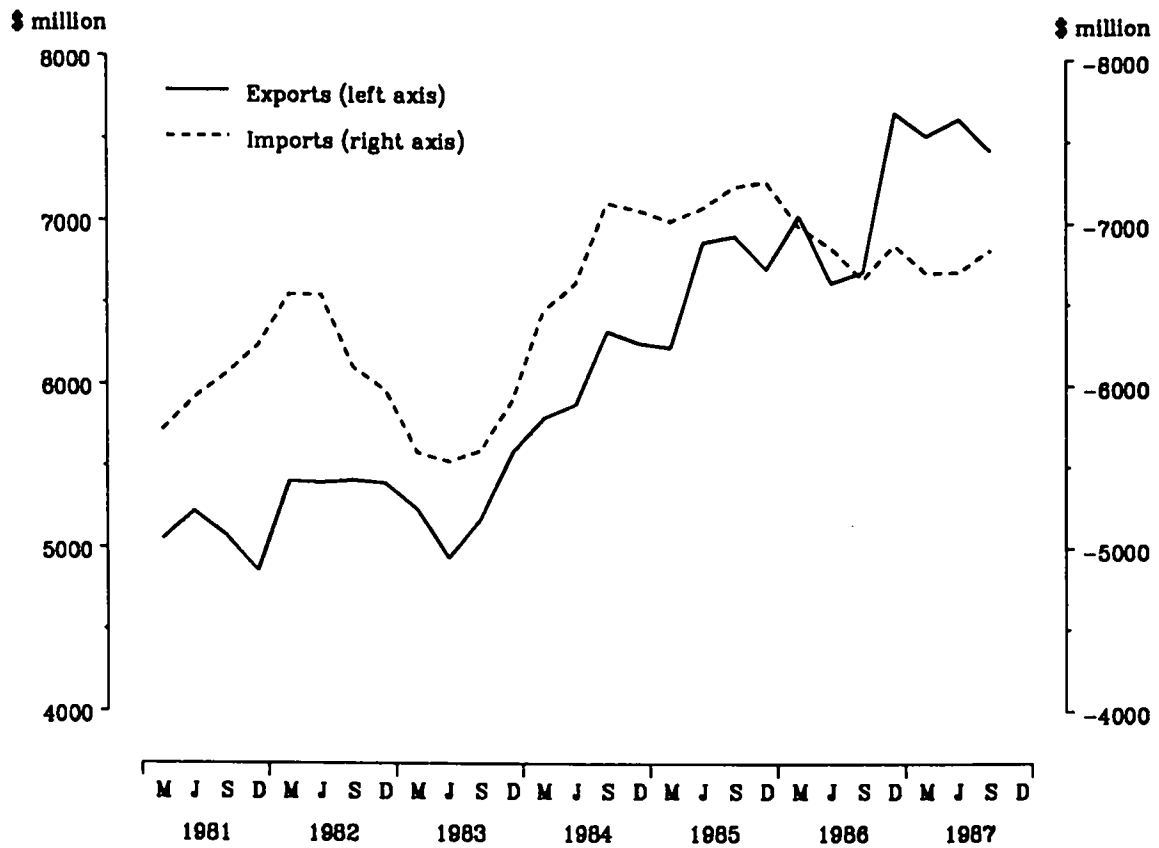
GRAPH 1 - MERCHANDISE TRADE - SEASONALLY ADJUSTED



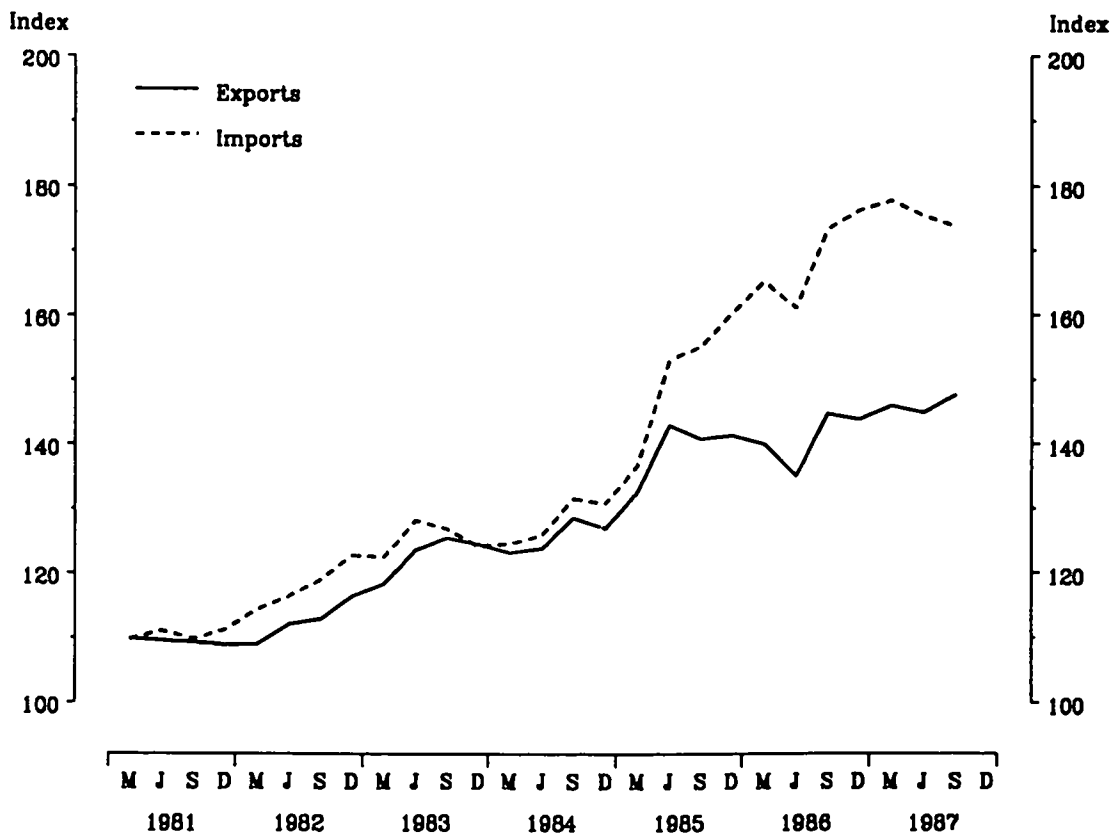
GRAPH 2 - GOODS AND SERVICES AT CURRENT PRICES - SEASONALLY ADJUSTED



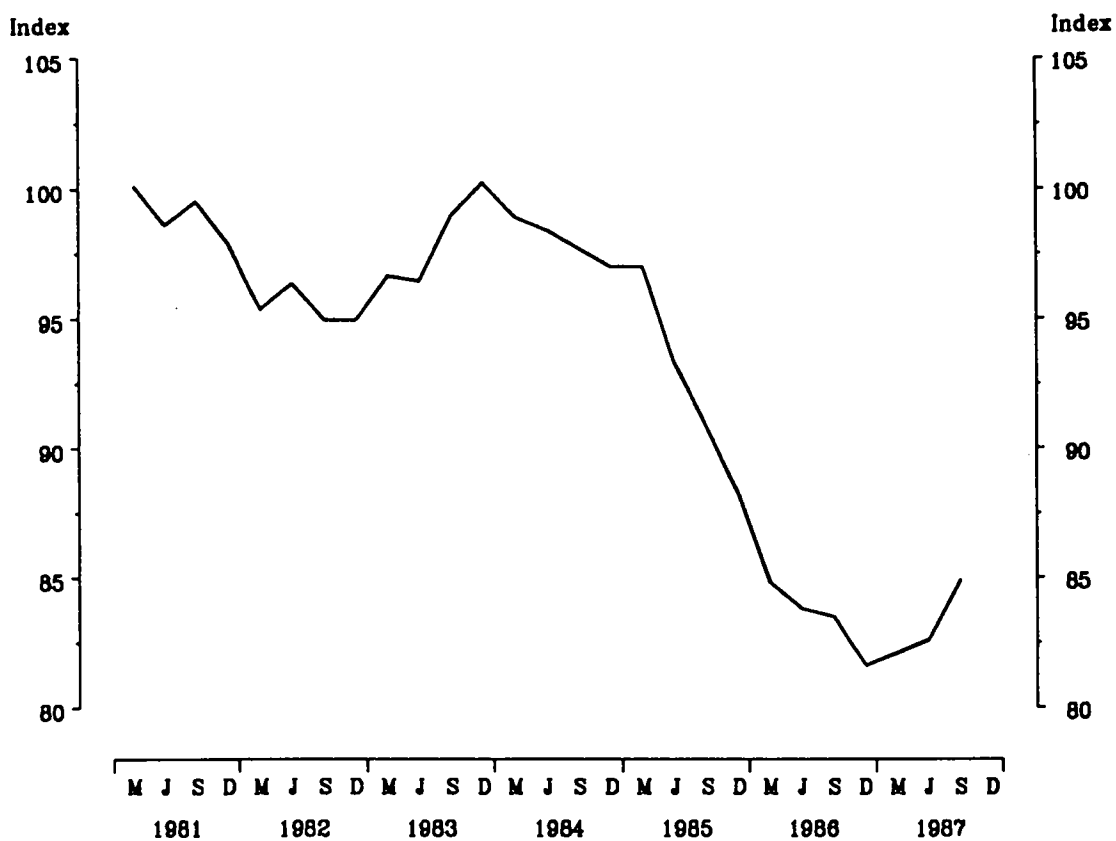
GRAPH 3 - GOODS AND SERVICES AT AVERAGE 1979-80 PRICES -
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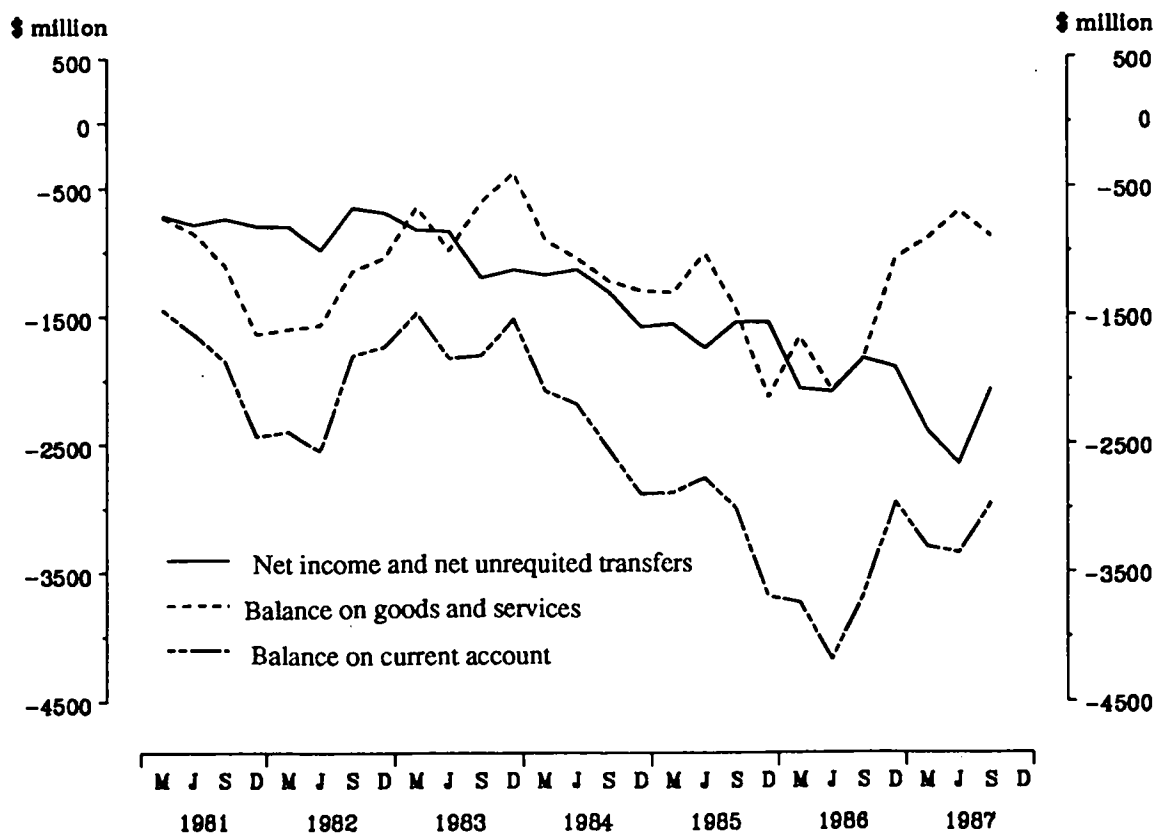
GRAPH 4 - IMPLICIT PRICE DEFLATORS FOR GOODS AND SERVICES -
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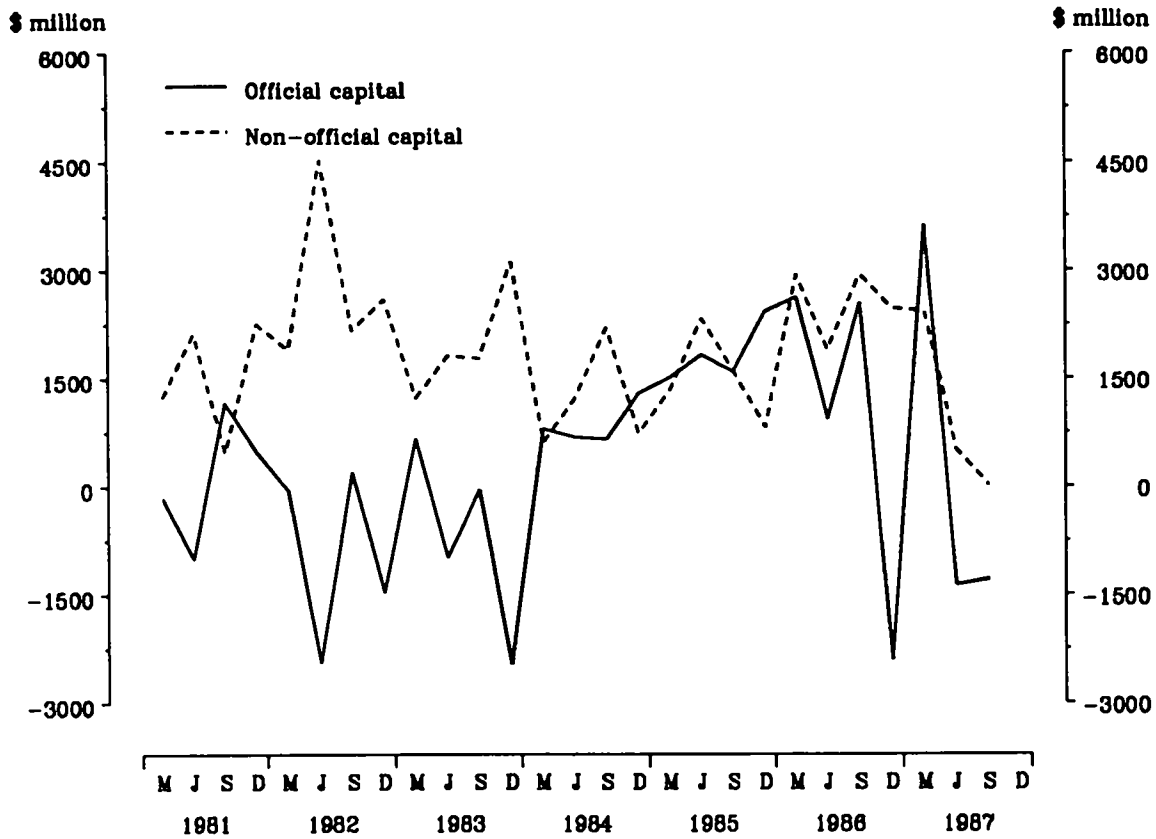
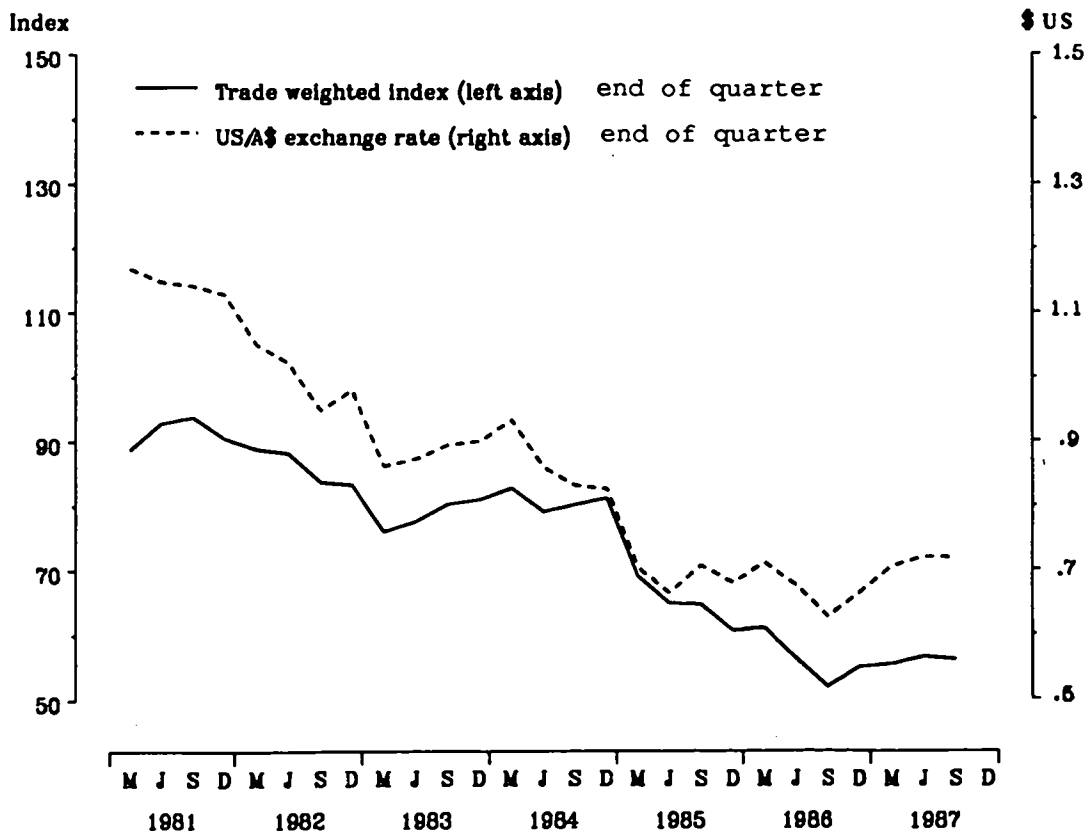
**GRAPH 5 - TERMS OF TRADE FOR GOODS AND SERVICES -
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GRAPH 6 - CURRENT ACCOUNT MAJOR AGGREGATES - SEASONALLY ADJUSTED



GRAPH 7 - NET CAPITAL TRANSACTIONS

GRAPH 8 - TRADE WEIGHTED INDEX (MAY 1970=100)
AND US/A\$ EXCHANGE RATE

NOTES ON THE ESTIMATES

GOODS AND SERVICES

The following table shows, for the last eight quarters, the changes in exports and imports of goods and services, seasonally adjusted, at current and constant prices and corresponding implicit price deflators and terms of trade measures.

PERCENTAGE CHANGES IN EXPORTS AND IMPORTS OF GOODS AND SERVICES AND TERMS OF TRADE

	1985-86			1986-87			1987-88	
	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep
AT CURRENT PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	-2.6	+3.9	-9.1	+8.2	+13.9	-0.5	+0.6	-0.6
Merchandise exports	-4.3	+3.6	-11.3	+9.2	+14.6	-1.5	+0.7	-1.8
Services credits	+8.3	+5.5	+2.8	+3.8	+10.3	+5.0	+0.2	+5.1
Imports of goods and services	+3.8	-0.9	-4.2	+4.5	+4.8	-1.7	-1.3	+1.1
Merchandise imports	+4.6	-0.6	-5.1	+4.7	+5.4	-2.0	-0.8	-0.7
Services debits	+1.0	-2.1	-0.6	+3.6	+2.7	-0.4	-2.9	+7.8
AT CONSTANT (AVERAGE 1979-80) PRICES, SEASONALLY ADJUSTED								
Exports of goods and services	-2.9	+4.9	-5.8	+1.0	+14.6	-1.9	+1.4	-2.5
Merchandise exports	-4.1	+5.1	-6.9	+1.3	+15.3	-2.6	+1.8	-3.5
Services credits	+5.4	+3.3	+1.3	-1.1	+10.3	+2.8	-0.8	+3.4
Imports of goods and services	+0.4	-3.8	-1.8	-2.9	+3.2	-2.5	+0.1	+2.0
Merchandise imports	+1.6	-4.1	-2.7	-2.5	+3.2	-2.5	-	-
Services debits	-3.8	-2.8	+1.3	-4.1	+3.0	-2.6	+0.2	+9.1
IMPLICIT PRICE DEFLATORS (a)								
Exports of goods and services	+0.4	-0.9	-3.6	+7.2	-0.6	+1.6	-0.8	+1.9
Merchandise exports	-0.3	-1.4	-4.7	+7.7	-0.6	+1.1	-1.1	+1.7
Services credits	+2.8	+2.2	+1.4	+5.0	+0.1	+2.1	+1.0	+1.7
Imports of goods and services	+3.4	+3.1	-2.5	+7.6	+1.7	+0.9	-1.3	-0.9
Merchandise imports	+2.9	+3.7	-2.6	+7.5	+2.1	+0.5	-0.8	-0.7
Services debits	+5.0	+0.8	-1.9	+8.0	-0.3	+2.2	-3.1	-1.1
TERMS OF TRADE (a)								
Goods and services	-2.9	-3.9	-1.2	-0.4	-2.3	+0.6	+0.6	+2.8
Merchandise trade	-3.0	-5.0	-2.2	+0.2	-2.6	+0.6	-0.3	+2.4
Services	-2.1	+1.5	+3.3	-2.7	+0.3	-	+4.3	+2.9

(a) Derived from index numbers on base 1979-80 = 100. The index numbers are derived from seasonally adjusted current and constant price estimates.

September quarter 1987 compared with June quarter 1987, seasonally adjusted ("Volume" refers to values at average 1979-80 prices, "price" refers to implicit price deflators) -

Exports of merchandise at current prices fell by \$168 million. Rural exports fell \$15 million while non-rural exports fell \$153 million. The main changes in commodity groups were:

- Mineral fuels, down \$258 million. The coal, coke and briquettes component was down \$192 million, due to an 11 per cent decrease in volume and 3 per cent decrease in price. The "other" mineral fuels component was also down, by \$66 million, due to a 14 per cent decrease in volume.

- Metals and metal manufactures, up \$85 million, due to a 4 per cent increase in volume and 7 per cent increase in price.

- Metal ores and minerals, up \$55 million, due to a 1 per cent increase in volume and 4 per cent increase in price.

Services credits at current prices rose \$97 million mainly due to increased travel credits.

The *implicit price deflator* for total exports of goods and services rose by 1.9 per cent. On a fixed weight basis the overall IPD would have risen by 1.8 percentage points, while compositional shifts between the components imply a rise of 0.1 percentage points.

Imports of merchandise at current prices fell \$68 million. Exogenous imports fell \$261 million, due to a 24 per cent decrease in volume and 1 per cent increase in price. Endogenous imports rose \$193 million or 2 per cent reflecting the following changes:

- consumption goods rose \$104 million, due to a 6 per cent increase in volume and 1 per cent decrease in price.

- capital goods fell \$72 million, due to a 3 per cent decrease in volume and 1 per cent decrease in price.

- other goods rose \$161 million, due to a 5 per cent increase in volume and 1 per cent decrease in price.

Services debits at current prices increased by \$193 million due to large increases in both other transportation and travel.

The *implicit price deflator* for total imports of goods and services fell 0.9 per cent. On a fixed weight basis, the overall IPD would have fallen by 0.7 per centage points, while

changes in the relative composition of imports explain the other 0.2 percentage points.

Australia's *terms of trade* rose by 2.8 per cent, the third successive quarterly increase following an extended period (since December quarter 1983) of decline. It should be noted however, that at the time of compilation of the statistics in this publication the available information on the prices of internationally traded goods for the latest quarter is preliminary in nature and therefore subject to revision.

GOLD EXPORTS

Exports of gold (other than ores, concentrates and monetary gold) are included in the "other non-rural" exports category. In recent years gold exports have been increasing more rapidly than the rest of the "other non-rural" category.

An indication of the recent growth in the value of gold exports is provided in the following table.

VALUE OF GOLD EXPORTS (NOT SEASONALLY ADJUSTED) (a)			(\$ MILLION)	
Period	Gold Coin(b)	Other Gold(c)	Total	Per cent of "other non-rural" exports
1984-85	-	554	554	22.5
1985-86	1	786	787	25.5
1986-87	204	1348	1552	33.8
1984-85				
June qtr	-	139	139	21.4
1985-86				
September qtr	-	255	255	29.5
December qtr	-	132	132	18.8
March qtr	1	142	143	21.7
June qtr	-	257	257	30.0
1986-87				
September qtr	1	263	264	27.3
December qtr	2	338	340	31.2
March qtr	20	403	423	35.5
June qtr	181	344	525	38.9
1987-88				
September qtr	59	415	474	34.9

(a) Excluding ores, concentrates and monetary gold. (b) AECC item 991.00.01 (c) AECC group 971.

EXOGENOUS IMPORTS

For purposes of analysing movements in merchandise imports, the categories exogenous and endogenous imports are shown in various tables in this publication. These categories are defined in paragraph 12 of the Explanatory Notes. Statistics on the main components of exogenous im-

ports at current prices are shown in the following table so that the impact of identified and sizeable lumpy transactions upon total merchandise imports and other key aggregates can be more readily assessed.

EXOGENOUS MERCHANDISE IMPORTS (NOT SEASONALLY ADJUSTED)				(\$ MILLION)	
Period	Fuels (a)	Civil Aircraft (b)	Other (c)	Total	Per cent of total merchandise imports
1984-85	2321	356	1560	4237	14.1
1985-86	1909	561	2069	4539	12.7
1986-87	1750	1058	1650	4458	12.0
1984-85 -					
June qtr	622	102	469	1193	14.2
1985-86 -					
September qtr	621	205	531	1357	14.6
December qtr	488	71	628	1187	13.0
March qtr	490	285	392	1167	13.6
June qtr	310	-	518	828	9.7
1986-87 -					
September qtr	424	243	455	1122	11.7
December qtr	477	472	377	1326	13.9
March qtr	421	61	422	904	10.2
June qtr	428	282	396	1106	12.0
1987-88					
September qtr	412	90	373	875	8.7

(a) AICC Section 3. (b) Acquisition of aircraft by selected major airline companies. (c) Acquisition of associated aircraft equipment (eg spare engines etc), defence equipment, ships by selected public sector enterprises and certain other government goods.

THE BALANCE OF PAYMENTS AS A RECORD OF TRANSACTIONS, NOT PAYMENTS

Scope and coverage of the balance of payments

In popular usage, the balance of payments is sometimes described, incorrectly, as the difference in value between payments to and from a particular country. In fact the concept is much broader and more complex.

Despite its name, the balance of payments is a system of accounts concerned not with "payments" but with "economic transactions". An economic transaction occurs when something of economic value is provided by one party to another. The things that are considered to have economic value are goods, services, income and financial assets and liabilities. The transactions recorded in a balance of payments statement stem from dealings between two parties, usually residents of different economies.

International transactions included in a balance of payments statement may not involve the simultaneous payment of money (as in the acquisition of goods which have been pre-paid) and some may not involve any payments of money at all (as in barter trade, share swaps or goods granted under foreign aid programmes).

Australia's balance of payments accounts provide a systematic record of economic transactions between Australian residents and the rest of the world. The scope of the accounts conforms with international statistical standards and therefore facilitates international comparability, a very important requirement for balance of payments statistics. It also enables the statistics to be related to the national accounts and domestic economic activity as all relevant economic transactions that occur during the reference period are covered.

An example of recording: AUSSAT III

A topical example of the way in which economic transactions are recorded in the balance of payments is provided by the latest Aussat satellite (AUSSAT III). Similar examples could be given relating to recent purchases of aircraft by major airline companies and defence equipment by the Commonwealth Government.

AUSSAT III was acquired by Australia from abroad at the time of its launch in September 1987. The value of the satellite was \$49 million, while associated costs (e.g. launching fees) incurred abroad in the same month were a further \$51 million. However, during the September quarter no payments were made abroad; the costs of acquiring the satellite had been fully met by a stream of prepayments over a number of previous years.

In accordance with international statistical conventions, the values of both the satellite and associated services were recorded in the current account when they were acquired from abroad. The satellite was recorded in merchandise imports in the September quarter 1987; the associated costs were recorded in services debits.

Also following the standard conventions, the prepayments for the satellite etc in previous periods were recorded as they occurred in the capital account item "accounts receivable/prepayments made", as part of Australia's portfolio and other investment abroad. The prepayments were also economic transactions; they represented the acquisition by Australia of financial claims (similar to the provision of loans) on the rest of the world. When the satellite was acquired, these financial claims were extinguished again in the September quarter 1987.

As all transactions in the balance of payments are recorded in accordance with the internationally-accepted convention of the double-entry recording system, each transaction is reflected in a pair of equal credit and debit entries. In the case of AUSSAT III, the prepayments (debits) made in earlier periods were matched in the accounts by equal and offsetting entries (credits) in those same periods in other items in the accounts, such as borrowing from abroad. When the satellite was acquired, the import (debit) was matched by an equal and offsetting entry (credit) in the same period for the extinction of the prepayment claim. As the satellite generates revenue in the future, any earnings from communication services provided abroad will be recorded as exports of services (credits) and be matched by equal and offsetting entries (debits) in items elsewhere in the accounts, such as repayments of borrowing from abroad or increases in lending abroad. This is illustrated in the following diagram:

	Earlier periods	September quarter 1987	Future periods
CURRENT ACCOUNT			
merchandise imports		} Debit	
services imports			
services exports			Credit
CAPITAL ACCOUNT			
prepayments made	Debit	Credit	
borrowing: drawings	Credit		
repayments			Debit

In compiling balance of payments statistics, it is useful to separately identify large, "lumpy" transactions, such as the acquisition of satellites, aircraft etc, so that the underlying movements in Australia's imports can be more readily

identified. The exogenous imports series is designed to cover those erratic items that are sizeable in value and that it is practical to identify separately. The September quarter

1987 figure for exogenous imports includes \$49 million on account of AUSSAT III.

INTERNATIONAL COMPARISONS OF BALANCE OF PAYMENTS STATISTICS

There are two frequently-used methods of comparing balance of payments statistics of different countries.

The first method involves converting the relevant aggregates for each country from the domestic currency into a chosen foreign currency (often the US dollar) or a chosen weighted average of foreign currencies (often the SDR).

The other method is to express each country's aggregates as a proportion of its gross domestic product (GDP) or gross national product (GNP). This is a comparison in domestic currency terms; movements over time in the ratios will include a "valuation effect" due to exchange rate variations.

Care should always be exercised in the use and interpretation of international statistical comparisons. One important qualification is that, despite the fact that countries tend to follow international recommendations for the compilation of the statistics, differences still occur between countries in concepts, coverage, data sources and collection methods. A significant coverage difference occurs in comparisons of

current account balances because some countries (including Australia, New Zealand, the United Kingdom and the United States) follow the international recommendation that reinvested earnings¹ should be included in the statistics, while most countries do not. At particular times, net reinvested earnings² can be a significant proportion of a country's current account balance. To allow for this compilation difference, the comparisons in the two accompanying tables are shown, whenever the relevant data are available, inclusive and exclusive of reinvested earnings.

Current account balances in US dollars for selected countries

Australia's current account balance for the last 12 years and 10 quarters, converted to US dollars at period-average exchange rates, is compared with corresponding balances for a selection of countries in the table below.

Current account balances as a percentage of GDP for selected countries

In the September quarter 1987, Australia's deficit on current account was 5 per cent of GDP. This compares with average September quarter ratios of 5.4 per cent over the period 1980-81 to 1986-87 and 2.9 per cent over the period 1975-76 to 1979-80. Australia's ratio since 1975-76 is compared with the corresponding ratios for a selection of countries in the table over the page.

INTERNATIONAL COMPARISON OF CURRENT ACCOUNT BALANCES (NOT SEASONALLY ADJUSTED) (\$US BILLION)

	Including Reinvested Earnings				Excluding Reinvested Earnings				
	Australia	United States	United Kingdom	New Zealand	Australia	United States	United Kingdom	Japan	Canada
1975-76	-1.8	13.3	-2.1	-1.0	-1.1	6.6	-0.6	1.4	-4.8
1976-77	-2.9	-5.6	-2.7	-0.9	-2.2	-11.1	-1.6	5.9	-3.9
1977-78	-3.4	-19.2	1.5	-0.7	-2.8	-24.9	2.2	16.4	-3.6
1978-79	-4.2	-5.0	-0.1	-0.7	-3.5	-17.1	1.0	6.1	-5.1
1979-80	-2.3	-4.1	-0.5	-0.8	-1.4	-19.7	0.6	-17.3	-3.1
1980-81	-6.5	9.1	17.7	-0.8	-5.7	0.3	20.7	-1.0	-2.1
1981-82	-10.1	5.0	5.7	-1.5	-9.7	-4.9	7.4	7.4	-2.3
1982-83	-6.4	-23.9	6.6	-1.1	-7.1	-31.3	7.7	12.8	3.7
1983-84	-6.6	-80.7	3.6	-1.3	-6.4	-89.3	4.8	27.9	0.9
1984-85	-8.6	-114.6	2.2	-1.3	-8.4	-120.7	5.2	40.3	2.8
1985-86	-10.2	-127.1	3.7	-1.7	-10.0	-152.8	5.3	64.9	-5.1
1986-87	-8.7	-152.0	-1.8	-1.0	-8.5	-172.7	3.8	93.6	-6.7
1984-85									
June qtr	-1.7	-30.4	1.1	-0.2	-1.7	-36.3	1.4	13.3	0.2
1985-86									
September qtr	-2.5	-32.1	1.8	-0.5	-2.4	-38.4	2.2	13.1	-0.5
December qtr	-2.6	-30.3	2.1	-0.4	-2.6	-37.6	3.6	16.0	-0.1
March qtr	-2.3	-30.1	0.3	-0.6	-2.2	-36.0	-0.1	12.7	-2.8
June qtr	-2.8	-34.6	-0.5	-0.2	-2.7	-40.8	-0.4	23.1	-1.7
1986-87									
September qtr	-2.6	-40.2	-1.5	-0.4	-2.6	-45.4	-1.0	24.4	-0.5
December qtr	-1.9	-36.4	0.2	-0.2	-1.9	-39.4	3.0	25.7	-1.1
March qtr	-2.1	-33.4	0.4	-0.2	-2.0	-40.5	1.4	20.9	-2.9
June qtr	-2.1	-42.0	-0.9	-0.1	-2.0	-47.4	0.4	22.6	-1.8
1987-88									
September qtr	-2.6	nya	nya	nya	-2.5	nya	nya	nya	nya

(-) minus sign means a deficit on current account. Sources: National statistical bulletins.

¹The 1977 edition of the IMF's *Balance of Payments Manual* recommends that reinvested earnings be treated as part of direct investment income. These earnings measure the undistributed income of direct investment enterprises attributable to their foreign direct investors.

²Reinvested earnings credits less reinvested earnings debits.

**INTERNATIONAL COMPARISON OF CURRENT ACCOUNT BALANCES AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT
(NOT SEASONALLY ADJUSTED)**

	<i>Including Reinvested Earnings</i>				<i>Excluding Reinvested Earnings</i>				
	<i>Australia</i>	<i>United States (a)</i>	<i>United Kingdom</i>	<i>New Zealand (b)</i>	<i>Australia</i>	<i>United States (a)</i>	<i>United Kingdom</i>	<i>Japan (c)</i>	<i>Canada</i>
1975-76	-1.9	0.7	-0.9	-8.4	-1.2	0.4	-0.2	0.2	-2.7
1976-77	-2.9	-0.3	-1.2	-6.2	-2.2	-0.5	-0.7	0.8	-2.0
1977-78	-3.2	-0.8	0.5	-4.4	-2.6	-1.1	0.8	2.1	-1.8
1978-79	-3.5	-0.2	-	-4.2	-2.9	-0.7	0.3	0.7	-2.4
1979-80	-1.7	-0.2	-0.1	-4.1	-1.1	-0.7	0.1	-1.9	-1.3
1980-81	-4.0	0.3	3.2	-4.2	-3.6	-	3.7	-0.1	-0.8
1981-82	-5.8	0.2	1.2	-7.1	-5.7	-0.2	1.5	0.7	-0.8
1982-83	-4.0	-0.7	1.4	-5.4	-4.5	-0.9	1.7	1.2	1.2
1983-84	-3.8	-2.2	0.8	-5.9	-3.7	-2.5	1.0	2.4	0.3
1984-85	-5.2	-2.9	0.5	-7.2	-5.1	-3.1	1.3	3.4	0.8
1985-86	-6.0	-3.1	0.7	-6.7	-5.9	-3.7	1.0	3.9	-1.4
1986-87	-5.1	-3.5	-0.3	nya	-5.1	-4.0	0.6	4.3	-1.7
1984-85									
June qtr	-4.8	-3.1	1.1	na	-4.6	-3.7	1.3	4.4	0.3
1985-86									
September qtr	-6.1	-3.2	1.5	na	-6.0	-3.8	1.8	4.0	-0.5
December qtr	-5.9	-2.9	1.6	na	-5.7	-3.7	2.7	3.7	-0.1
March qtr	-5.7	-2.9	0.2	na	-5.6	-3.5	-0.1	3.1	-3.4
June qtr	-6.6	-3.3	-0.3	na	-6.5	-3.9	-0.3	4.9	-1.9
1986-87									
September qtr	-6.8	-3.8	-1.1	na	-6.7	-4.3	-0.7	4.7	-0.5
December qtr	-4.3	-3.4	0.2	na	-4.2	-3.7	2.1	4.4	-1.7
March qtr	-4.8	-3.1	0.3	na	-4.7	-3.7	1.0	4.0	-3.0
June qtr	-4.3	-3.8	-0.5	na	-4.2	-4.3	0.2	4.0	-1.8
1987-88									
September qtr	-5.0	nya	nya	na	-4.9	nya	nya	nya	nya

(-) minus sign means a deficit on current account. (a) As a percentage of gross national product. Quarterly ratios are based on seasonally adjusted data. (b) As a percentage of gross domestic product for years ended March. (c) As a percentage of gross national product. Sources: national statistical bulletins.

REVISIONS

Estimates in this issue are consistent with those published in the monthly balance of payments bulletin (5301.0) on 17 November 1987 and consequently take account of revisions which were described in that issue.

In addition, this issue incorporates revisions to more detailed series that are not available monthly and which were published in the previous quarterly issue.

For capital transactions, revisions to earlier quarters reflect the changes in data content described under "Changes in this issue" and the inclusion of more up-to-date data from the Surveys of Foreign Investment.

FORTHCOMING CHANGES TO BALANCE OF PAYMENTS PUBLICATIONS

REBASE OF CONSTANT PRICE ESTIMATES

Work on re-basing all ABS constant price estimates from average 1979-80 prices to average 1984-85 prices is currently underway. It is anticipated that estimates of exports and imports of goods and services at average 1984-85 prices will be presented in the December quarter 1987 issue of this publication.

THE HARMONISED COMMODITY DESCRIPTION AND CODING SYSTEM

On 1 January 1988 Australia will adopt a new international classification system, the Harmonized Commodity Description and Coding System (HCDCS), for describing goods involved in international trade.

The HCDCS or Harmonised System (HS) will form the basis for administering Australia's imports and exports and for the collection and presentation of foreign trade statistics.

Merchandise exports and imports in the balance of payments are derived from foreign trade statistics, which are adjusted for coverage, timing and (for imports only) valuation to put them on a balance of payments basis. Commodity breakdowns of merchandise exports and imports are provided in Tables 7 to 10 of this publication. The commodity groups consist of combinations of divisions and/or sections of the Australian Export Commodity Classification (AECC) and the Australian Import Commodity Classification (AICC).

The introduction of the HS will have the following major implications for the presentation of merchandise trade data in the balance of payments:

- an HS-based Customs Tariff will become the standard classification for imports, replacing both the existing Customs Tariff and the AICC. There will be no AICC equivalent maintained from 1 January 1988.
- the current Australian Export Commodity Classification (AECC) will be replaced by an HS-based export classifica-

tion called the Australian Harmonised Export Commodity Classification (AHECC) from 1 January 1988.

- the timing of the introduction of the HS will affect the continuity of commodity details for both imports and exports for the 1987-88 financial year. As a result, the composition of the commodity groups in balance of payments publications will change between December quarter 1987 and March quarter 1988.

Whilst the introduction of the HS will cause a break to exist in the time series for export and import commodity groups, there will be no break in the time series for aggregate merchandise exports and imports, as these totals are unaffected by the classification changes outlined above.

The transfer to the HS-based classification provides an opportunity to review the commodity group details in balance of payments publications. It is intended that the April 1988 monthly publication and the March quarter 1988 quarterly publication will introduce an improved commodity grouping of both exports and imports, with the new groups closely aligning with the chapters of the HS classification. The new groupings will also be included in all subsequent monthly, quarterly and annual balance of payments publications. A detailed statement outlining these groupings will be included in the forthcoming quarterly publication for December quarter 1987 which will be released about late February 1988.

Although foreign trade statistics compiled from 1 January 1988 will be based on the HS classification, the commodity details appearing in the monthly balance of payments publications for January, February and March 1988 will continue to be shown under the existing commodity group headings. This will be an interim arrangement only. When the new HS groups are introduced the commodity details for the three months from January to March 1988 will be presented in the new format. At this point some historical estimates will also be presented in the new format, although the break in the commodity group series between December 1987 and January 1988 will continue to exist.

CHANGES IN THIS ISSUE

Significant changes to the data content and presentation of foreign investment statistics, which were foreshadowed in *Balance of Payments, Australia, June quarter 1987* (5302.0), were introduced in the 1985-86 issue of the annual publication *Foreign Investment, Australia* (5305.0), released on 16 November 1987.

Consequential changes to the data content and presentation of some investment income and capital account items in the balance of payments are made in this issue of the quarterly publication. They were introduced, as applicable, in the October 1987 issue of the monthly balance of payments publication (5301.0) released on 17 November 1987 and will be carried through to the annual balance of payments publication (5303.0) for 1985-86 to be released shortly.

These changes will enhance the analytic value of balance of payments and foreign investment statistics. The main changes to quarterly balance of payments statistics are:

- the reclassification of the transactions of State government central borrowing authorities. These have been included in the general government sector; previously they were in the non-official sector.
- a changed treatment of capital and investment income transactions of trading banks. New survey sources have made it possible to classify trading bank transactions in the same way as all other transactions. There are two main consequences of this. First, the direct investment borrowing and interest transactions of banks, which were previously classified for practical reasons to the portfolio and other investment category of capital transactions and investment income respectively, have now been appropriately recorded with all other direct investment capital and income transactions. Second, borrowing by and interest payable abroad of public sector trading banks, which were previously classified for practical reasons under the private sector, have now been recorded with all other public sector capital and interest transactions.
- the introduction of a new category covering bank borrowing and lending. This relates to trading banks, savings banks and development banks; it replaces the previous trading banks category. For further detail on the revised treatment of foreign investment activity of banks, see Part III of Appendix C of *Foreign Investment, Australia 1985-86* (5305.0).
- the publication of improved statistics on borrowing. First, a complete public sector/private sector split of borrowing has been provided; previously this was only available for enterprises other than banks. Second, a dissection into borrowing domiciled in Australia and borrowing domiciled abroad has been introduced. Borrowing domiciled in Australia has been further classified, as appropriate, into purchases of securities, sales of securities and deposits. Borrowing domiciled abroad has been further classified into drawings and repayments. The previous

foreign currency/Australian currency dissection has been discontinued; however, this breakdown will continue to be available in the quarterly foreign investment publication 5306.0. Third, within the general government sector, borrowing domiciled abroad has been dissected into Commonwealth and State government transactions.

In this publication, these changes especially affect the supplementary capital account tables (Tables 16, 18 and 19). Table 16, which shows the net capital transactions of general government, has been expanded to include extra detail on the borrowing of State government central borrowing authorities. The previous Tables 18 and 19 have been combined into a single new Table 18, showing both foreign investment in Australia and Australian investment abroad of the non-official sector. A new Table 19, showing supplementary series on borrowing by the non-official sector from non-residents has been added.

Within these tables the following new or revised definitions apply:

Borrowing domiciled in Australia is defined as including both:

- Non-equity securities issued on Australian capital markets which, while generally targeted for Australian residents, are taken up by foreign residents. These securities are generally held through nominee enterprises and include all government and semi-government fixed interest tradeable securities, as well as certificates of deposit issued by banks, debentures, promissory notes and other issues by private enterprises. These securities are all tradeable.
- Non-tradeable deposits held by foreign residents with banks in Australia.

Borrowing domiciled abroad refers to all other forms of borrowing by Australian residents ie borrowing on foreign capital markets. It includes non-equity securities (including Australian dollar Eurobond issues), mortgages and certificates of deposit issued abroad as well as non-securitised borrowing from foreign residents.

Within borrowing domiciled in Australia, *purchases* refers to both on-market purchases of existing securities by foreign residents and the take-up by foreign residents of new issues. Likewise, *sales* includes both on-market sales by foreign residents and redemptions of issues held by foreign residents. Transactions in deposit accounts are measured on a net basis. This is because it is neither practical nor of significant analytical interest to show these transactions dissected into increases and decreases in accounts.

Within borrowing domiciled abroad, *drawings* refers to those transactions that increase borrowing liabilities; examples include the drawdown of a new borrowing, the issue of non-equity securities on foreign capital markets and the receipt of finance under finance lease arrangements. *Repayments* refers to those transactions that reduce

liabilities; and examples include the repayment of loans, the redemption of non-equity securities and finance lease payments (excluding the imputed interest component which is treated as an income item). Where a borrowing is "rolled-over", both the repayment of the old borrowing and

the drawing of a new borrowing are recorded unless the rollover is an option within the original loan contract. If the rollover is an option, no drawings or repayments are recorded.

EXPLANATORY NOTES

Introduction

1. This publication contains detailed estimates of Australia's balance of payments for September quarter 1987. The estimates are consistent with those published earlier this month in *Balance of Payments, Australia, October 1987* (5301.0) and in *Foreign Investment, Australia (Preliminary) September quarter 1987* (5307.0). Longer term estimates, from September quarter 1959, consistent with those shown in this issue, will shortly be available in the publication *Balance of Payments, Australia - Historical Series on Microfiche* (5337.0) September quarter 1987.

2. Information about the classification and presentation of these estimates, and brief item descriptions, are provided in the Information Paper *Changes in the Presentation of Australian Balance of Payments Statistics* (5340.0) issued on 23 December 1985.

3. This publication contains four main tables and 16 supplementary tables. The main tables (Tables 1 to 4) provide summary statistics; they show the main aggregates and the more important components of the aggregates. The supplementary tables (Tables 5 to 20) provide additional breakdowns, related series (e.g. exchange rates and the trade-weighted index) and reconciliations of selected balance of payments series with other series (i.e. with foreign trade statistics and levels of official reserve assets).

Scope of the balance of payments

4. The Australian *balance of payments* is a statistical statement designed to provide a systematic record of Australia's economic transactions with the rest of the world. The statement is divided into a current account and a capital account. Table 1 presents summary statistics covering both accounts.

Recording of transactions

5. Despite its name, the balance of payments is not primarily concerned with "payments", but with "transactions". Transactions are recorded in the balance of payments as either *debits* or *credits*. The following transactions are regarded as debits and identified by a minus sign: the acquisition of goods and services from non-residents, income payable to non-residents, unrequited transfers provided to non-residents, increases in foreign financial assets and decreases in foreign liabilities. Credits have no arithmetic sign and consist of these transactions: the provision of goods and services to non-residents, income receivable from non-residents, unrequited transfers received from non-residents, decreases in foreign financial assets and increases in foreign liabilities. These sign conventions apply in all tables except Tables 6, 11 and 20. In Table 6, the implicit price deflator for imports of goods and services is shown with no sign, while in Table 11, imports are shown with no sign. In Table 20, decreases in Australia's official reserve assets are shown with a minus sign and increases in these assets are shown with no arithmetic sign.

Current account

6. The *current account* records transactions between Australian residents and non-residents in merchandise, other goods and services, income and unrequited transfers. Table 2 summarises the estimates of current account transactions, while Table 3 provides corresponding seasonally adjusted estimates.

Merchandise (balance of payments basis)

7. *Merchandise* covers movable goods (with a few exceptions) which change ownership from residents to non-residents (exports) and from non-residents to residents (imports). The series are derived from foreign trade statistics which are adjusted for coverage, timing and (imports only) valuation to put them on a balance of payments basis. Table 11 provides details of the adjustments.

Commodity breakdowns of merchandise

8. Commodity breakdowns of merchandise exports and imports are provided in Tables 7 (at current prices), 8 (at average 1979-80 prices), 9 (at current prices, seasonally adjusted) and 10 (at average 1979-80 prices, seasonally adjusted). The groupings shown consist of the following Australian Export Commodity Classification (AECC) and Australian Import Commodity Classification (AICC) divisions and/or sections:

	Section or Division of AECC
Exports	
Rural -	
Meat and meat preparations	01
Cereal grains and cereal preparations	04
Sugar, sugar preparations and honey	06
Wool and sheepskins	Parts of 21, 26 and 65
Other rural	00, 02, 03, 05, 07 to 09, 21 (part), 22 to 25, 26(part), 29, 4
Non-rural -	
Metal ores and minerals	27, 28
Mineral fuels -	
Coal, coke and briquettes	32
Other	33, 34
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other non-rural	1, 5, 61 to 64, 65(part), 66, 8, 9
Imports	
	Section or Division of AICC
Food, beverages and tobacco	0, 1
Fuels	3
Basic materials	2, 4
Chemicals (incl plastics)	5
Textiles, fabrics, etc	65
Metals and metal manufactures	67 to 69
Machinery and transport equipment	7
Other imports	61 to 64, 66, 8, 9

9. In the preparation of this publication confidential 7-digit items of the AECC or AICC are included with items classified to section 9. The lists of items for which these adjustments have been made appear in footnotes to the main tables of *Exports, Australia: Monthly Summary Tables* (5432.0) and *Imports, Australia: Monthly Summary Tables* (5433.0).

Rural and non-rural exports

10. In defining "rural" exports, largely in terms of *divisions* (2-digit level) of the AECC, many individual *items* (7-digit level) are classified differently from what might have been the case with a more detailed system. For example, canned fruit salad (AECC 058.99.47) is included in "rural", while cotton yarn (651.30.05) is not - both items might equally well have been classified to "rural" (on the basis of their origin), or to "non-rural" (due to the high proportion of value added during subsequent processing).

11. The terms "rural" and "non-rural" are therefore used in a broad sense and the limitations mentioned above should be borne in mind when the estimates are used for analytic purposes.

Exogenous and endogenous imports

12. *Exogenous imports* comprise a group of imported goods which it has been found useful to identify separately in economic analysis because the transactions in these goods are lumpy, subject to government arrangements or significantly affected by factors other than the general level of economic activity in Australia. Exogenous imports include fuels; ships, aircraft and certain other large items of equipment acquired by selected public and private sector trading enterprises; defence goods and certain other government goods. *Endogenous imports* comprise imports of all goods other than those regarded as exogenous.

13. Endogenous imports in Table 7 (at current prices), Table 8 (at average 1979-80 prices), Table 9 (at current prices, seasonally adjusted) and Table 10 (at average 1979-80 prices, seasonally adjusted) are classified into three *classes* - *consumption goods*, *capital goods* and *other goods* - according to the United Nations' classification by broad economic categories (BEC). *Other goods* covers the BEC class *intermediate goods* and the residual BEC category *goods not elsewhere specified*. The *classes* consist of the following BEC categories (excluding goods defined as exogenous):

Consumption goods

Food and beverages, primary, mainly for household consumption (112)
Food and beverages, processed, mainly for household consumption (122)
Passenger motor vehicles (51)
Transport equipment, non-industrial (522)
Consumer goods, not elsewhere specified (6)

Capital goods

Capital goods (except transport equipment) (41)
Transport equipment, industrial (521)

Other goods

Food and beverages, primary, mainly for industry (111)
Food and beverages, processed, mainly for industry (121)
Industrial supplies not elsewhere specified (2)
Parts and accessories of capital goods (except transport equipment) (42)
Parts and accessories of transport equipment (53)
Goods not elsewhere specified (7)

14. The BEC attempts to classify merchandise trade statistics for purposes of general economic analysis according to the main *end-use* of the commodities traded. It does not achieve complete alignment with the particular end-use to which articles are put in specific circumstances; for example some passenger motor cars, which are conventionally classified as consumption goods, and some parts and accessories of capital goods, which are conventionally classified as other goods, are in fact acquired as capital equipment.

Services

15. *Services* covers services rendered by Australian residents to non-residents (credits) and by non-residents to residents (debits), together with transactions in a few types of goods (eg goods purchased by travellers). Detailed estimates are shown in Table 12.

Income and unrequited transfers

16. *Income* covers income earned by Australian residents from non-residents (credits) or by non-residents from residents (debits). It includes investment income (eg dividends and interest), other property income (eg royalties) and labour income (eg wages and salaries). Tables 13 and 14 give detailed estimates.

17. *Unrequited transfers* covers the offsetting entries required by the double-entry system of accounting when resources (goods, services and financial assets) are provided, without something of economic value being received in return, by non-residents to Australian residents (offsetting credits required) and by residents to non-residents (offsetting debits required). It includes foreign aid, migrants' transfers, gifts, donations, pensions and taxes. Detailed estimates are provided in Table 15.

Capital account

18. The *capital account* records transactions in Australia's foreign financial assets and liabilities, including the creation and extinction of claims on or by the rest of the world and a few specified other changes. Summary estimates for the capital account appear in Table 4.

Resident institutional sectors

19. Capital transactions, and some current transactions, are grouped into two broad institutional sectors called *official* and *non-official*, with the former split into *general government* and *Reserve Bank of Australia*. The general government sector comprises the transactions of the Commonwealth, the States, local government authorities and statutory bodies, but it excludes the transactions of public business enterprises. Details of general government and Reserve Bank capital transactions are given in Tables 16 and 17 respectively. The non-official sector covers transactions of all other resident entities including private and

government owned banks, private and public business enterprises, and households. Estimates of the capital transactions of the non-official sector are detailed in Tables 18 and 19.

Foreign investment in Australia and Australian investment abroad

20. Broadly, *foreign investment in Australia* covers transactions which increase or decrease the liabilities of residents to non-residents and *Australian investment abroad* covers transactions which increase or decrease Australia's foreign financial assets.

Official reserve assets

21. Changes in official reserve assets, after allowing for valuation effects, are recorded in the Reserve Bank sector of the capital account and are detailed in Table 17. In accordance with the standard accounting conventions adopted for balance of payments recording outlined in paragraph 5, a decrease in these assets is recorded as a reduction in Australian investment abroad (ie a credit shown with no sign) and an increase in these assets is recorded as an increase in Australian investment abroad (ie a debit shown with a minus sign).

22. Table 20 shows levels of *official reserve assets*. Changes in the levels at the end of each period are dissected into those which are included in the balance of payments (ie those resulting from transactions and a few specified other changes), and those which are due to the effects of revaluations. In this table, decreases in official reserve assets are shown with a minus sign and increases are shown with no sign.

Balances

23. This publication presents a number of *balances*, eg balance on goods and services, balance on capital account. A balance is derived as the net sum of the credit and debit entries selected for inclusion.

Nature of constant price estimates

24. Estimates of exports and imports of goods and services at current and constant (average 1979-80) prices, both original and seasonally adjusted, are presented in Table 5. Commodity details of merchandise exports and imports at constant (average 1979-80) prices, original and seasonally adjusted, are presented in Tables 8 and 10, respectively.

25. A value at constant prices may be thought of as being derived by expressing the current price value of each component transaction as the product of a price and a quantity, and by substituting for each actual current price the corresponding price in the chosen base year. Aggregates at constant prices for each period are then obtained by summing constant price values for individual transactions. In effect, quantities of the individual commodities involved in the transactions are combined using their prices in the base year as weights.

26. In practice, however, there are many transactions recorded in statistics of foreign trade for which it is not possible to apply such an approach. In such cases it is necessary to make assumptions and approximations (eg revaluing by means of the price index which is considered

to be most closely related to the commodity involved). The published constant price estimates should be viewed in this light.

27. A fuller discussion of the methods used in estimating constant price values and the major approximations and assumptions, made in compiling constant price estimates appears in Chapter 4 of *Australian National Accounts: Concepts, Sources and Methods*, (S216.0).

Implicit price deflators and terms of trade

28. Implicit price deflators (IPDs) for exports and imports of goods and services and index numbers of the terms of trade are presented in Table 6.

29. An IPD is obtained by dividing a current price value by its corresponding constant price value. Thus IPDs are derived measures (hence the term implicit) and are not normally the direct measures of price change by which current price estimates are converted to estimates at constant prices. They take into account not only the changes in the prices of exports and imports but also the effects of the changes in composition of exports and imports on total recorded price movements.

30. A more detailed discussion of the nature of IPDs is presented in Appendix B of the publication *Australian National Accounts: Concepts, Sources and Methods* (S216.0).

31. There are several ways of measuring the terms of trade. A common means of doing so is by calculating an index of the form:

$$\frac{\text{Price index of exports}}{\text{Price index of imports}} \times 100$$

In this publication, the price indexes used in calculating the terms of trade index are the IPDs for exports and imports.

Seasonal adjustment

32. Most of the current account series in this publication are affected to some extent by seasonal influences and it is useful to recognise and take account of this element of variation. Therefore *seasonally adjusted estimates* are presented in Tables 3, 5, 9 and 10. In addition, the implicit price deflator and terms of trade data presented in Table 6 are based on seasonally adjusted data.

33. Seasonal adjustment may be carried out by various methods and the results may vary slightly according to the procedure adopted. Accordingly, seasonally adjusted statistics should not be regarded as in any way definitive. In interpreting particular seasonally adjusted statistics it is important, therefore, to bear in mind the methods by which they have been derived and the limitations to which the methods used are subject. Details of the seasonal adjustment methods used are available on request.

34. For those items showing substantial irregular movement, particular care should be taken in interpreting quarter-to-quarter movements in the adjusted figures, as the short term movements cannot be assumed to indicate changes in *trend*.

35. In order to maintain an accounting identity, the seasonally adjusted balances (balance on merchandise trade, balance on goods and services and balance on cur-

rent account) are derived by differencing independently adjusted series.

Exchange rates and the trade weighted index

36. Table 20 shows the exchange rates of the Australian dollar with four major currencies, the Special Drawing Right (SDR) and a trade-weighted index of the value of the Australian dollar. The series are all shown on an end-of-period and period-average basis.

37. The exchange rates shown are derived using rates provided by the Reserve Bank of Australia. The rate for the US dollar is a representative mid-point determined by the Reserve Bank on the basis of market quotations at 4pm Eastern Australian time. Rates for the other currencies are calculated by crossing the rate for the US dollar with the mid-points of closing buying and selling rates largely in Asian markets. The rates shown are indications of market value only and could differ from those quoted by Australian banks.

38. The value of the SDR is calculated by the International Monetary Fund (IMF) on the basis of a weighted basket of five currencies - the US dollar, West German mark, French franc, Japanese yen and pound sterling. The IMF publishes the value of the SDR each day in terms of US dollars; the latest available rate is crossed with the 4pm \$A/\$US rate.

39. The trade-weighted index (TWI) is also provided by the Reserve Bank and is an index of the average value of the Australian dollar vis-a-vis currencies of Australia's trading partners. The index is as calculated at 4pm on the basis of the representative rate for the US dollar and rates for other currencies, mainly from Asian markets.

40. The exchange rates and the TWI are provided by the Reserve Bank for each trading day. The end-of-period rates relate to the last trading day of the reference period. The period averages are compiled by the ABS by averaging the trading day figures.

Accuracy and reliability of estimates

41. Because the transactions recorded in the balance of payments are of many different kinds, compilation of balance of payments estimates entails the use of a very wide range of statistical data of varying degrees of accuracy and timeliness.

42. Therefore care should be exercised in the use and interpretation of estimates in this publication. The latest estimates are *preliminary and subject to revision* as more accurate data come to hand. Also, the more detailed estimates may be less accurate in relative terms than broader items and aggregates of which they form components.

Comparability with capital expenditure statistics

43. Tables 7 and 9 in this publication contain current price estimates of *imports of endogenous capital goods*. Shorter-term movements in this series can differ quite significantly from the corresponding movements in the *new private capital expenditure on equipment, plant and machinery* series published in *Private New Capital Expen-*

diture, Australia (5625.0 and 5626.0). The main reasons for the differences are:

- The imports series includes all goods defined as endogenous capital goods (see paragraphs 12 to 14 above), whereas the capital expenditure series relates only to goods classified as equipment, plant and machinery that are acquired by private enterprises in selected industries.
- The capital expenditure series includes all plant, machinery and equipment, irrespective of whether it has been imported or manufactured in Australia.
- Imports are valued f.o.b. at the point of export whereas estimates of capital expenditure are measured at domestic market prices, including international transport margins, government duties and domestic trade and transport margins.

44. Accordingly, while movements in imports of endogenous capital goods can provide a broad indication of movements in the *import component* of new private capital expenditure on equipment, plant and machinery, they do not necessarily provide an accurate indication of movements in total new private capital expenditure on these goods.

Series available on request

45. Detailed quarterly export and import series at constant (average 1979-80) prices can be obtained by contacting Mr. Paul Nelson on Canberra (062) 52 6725. These series are based on foreign trade statistics (ie they are not adjusted to a balance of payments basis) and relate to selected divisions and sections of the AECC and AICC. Quarterly tables showing components of services can also be obtained from Mr. Nelson. These tables provide original and seasonally adjusted current and constant price estimates, corresponding to the series shown (in original current price terms) in Table 12 of this publication. Both sets of estimates are working estimates only and may not always be completely consistent with published estimates.

46. Detailed quarterly statistics relating to transportation can be obtained from Mr. Peter Parsons on Canberra (062) 52 6057.

Related publications

47. Other ABS publications which may be of interest include:

Balance of Payments Australia (5301.0) - issued monthly

Balance of Payments, Australia, Historical Series on Microfiche (5337.0) - issued quarterly.

Balance of Payments, Australia 1984-85 (5303.0)

Balance of Payments, Australia - Regional Series on Microfiche 1984-85 (5338.0)

Changes in the Presentation of Australian Balance of Payments Statistics (5340.0) - published 23 December 1985

Exports, Australia, Monthly Summary Tables (5432.0) - issued monthly

Imports , Australia , Monthly Summary Tables (5433.0) - issued monthly

Export Price Index, Australia (6405.0) - issued monthly

Import Price Index, Australia (6414.0) - issued quarterly

Foreign Investment, Australia 1985-86 (5305.0)

Foreign Investment, Australia (Preliminary) (5307.0) - issued quarterly

Foreign Investment, Australia (5306.0) - issued quarterly

48. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

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TELESTATS. This service provides foreign trade statistics

tailored to users' requirements.

Further information is available on (062) 52 5404.

Symbols and other usages

na not available

nya not yet available

nei not elsewhere included

- nil or rounded to zero

.. not applicable.

49. Where figures have been rounded, discrepancies may occur between the sums of component items and totals.

TABLE 1. BALANCE OF PAYMENTS

TABLE 1. BALANCE OF PAYMENTS				SMILLION									
	YEAR			QUARTERS ENDED									
	1984-85	1985-86	1986-87	1984-85 JUN	SEP	1985-86 DEC	MAR	JUN	SEP	1986-87 DEC	MAR	JUN	1987-88 SEP
CURRENT TRANSACTIONS -													
GOODS AND SERVICES -													
MERCHANDISE (a) -													
Exports fob	29212	32200	35424	8688	8482	7963	8138	7617	8192	9206	8610	9416	9133
Imports fob	-30093	-35622	-37192	-8376	-9298	-9150	-8611	-8563	-9625	-9536	-8835	-9196	-9799
BALANCE ON MERCHANDISE TRADE	-881	-3422	-1768	312	-816	-1187	-473	-946	-1433	-330	-225	220	-666
SERVICES -													
Credits	4934	5875	7210	1310	1275	1508	1583	1509	1543	1888	1970	1809	1866
Debits	-8922	-9764	-10096	-2428	-2580	-2424	-2339	-2421	-2639	-2506	-2463	-2488	-2812
NET SERVICES	-3988	-3889	-2886	-1118	-1305	-916	-756	-912	-1096	-618	-493	-679	-946
BALANCE ON GOODS AND SERVICES	-4869	-7311	-4654	-806	-2121	-2103	-1229	-1858	-2529	-948	-718	-459	-1612
INCOME -													
Credits	1848	2206	2328	489	564	593	548	501	570	509	566	683	728
Debits	-8416	-10266	-12252	-2346	-2229	-2563	-2752	-2722	-2625	-2951	-3228	-3448	-3137
NET INCOME	-6568	-8060	-9924	-1857	-1665	-1970	-2204	-2221	-2055	-2442	-2662	-2765	-2409
UNREQUITTED TRANSFERS -													
Credits	2016	2532	3041	587	563	663	629	677	682	776	793	790	788
Debits	-1654	-1700	-1693	-483	-343	-369	-473	-515	-358	-396	-468	-471	-358
NET UNREQUITTED TRANSFERS	362	832	1348	104	220	294	156	162	324	380	325	319	430
BALANCE ON CURRENT ACCOUNT	-11075	-14539	-13230	-2559	-3566	-3779	-3277	-3917	-4260	-3010	-3055	-2905	-3591
NET CAPITAL TRANSACTIONS -													
OFFICIAL -													
GENERAL GOVERNMENT -													
Foreign investment in Australia	4084	5639	6333	1367	788	1425	3043	383	-299	1907	2051	2674	580
Australian investment abroad	-341	-213	-572	-140	21	-104	78	-208	61	-254	5	-384	-18
Total	3743	5426	5761	1227	809	1322	3121	175	-238	1653	2056	2290	562
RESERVE BANK -													
Foreign investment in Australia	-10	-16	18	-4	-16	4	-20	16	-7	8	-	17	-1
Australian investment abroad	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856
Total	1510	2124	-3376	591	770	1096	-499	757	2783	-4062	1566	-3663	-1857
TOTAL OFFICIAL	5253	7550	2385	1818	1579	2418	2622	932	2545	-2409	3622	-1373	-1295
NON-OFFICIAL -													
Foreign investment in Australia	10736	13343	13363	2428	2679	2967	3945	3752	4253	4335	3481	1294	4077
Australian investment abroad	-4170	-6113	-5033	-107	-1081	-2152	-1015	-1865	-1321	-1868	-1054	-790	-4065
TOTAL NON-OFFICIAL	6566	7230	8330	2321	1598	815	2930	1887	2932	2467	2427	504	12
BALANCE ON CAPITAL ACCOUNT	11819	14780	10715	4139	3177	3233	5552	2819	5477	58	6049	-869	-1283
BALANCING ITEM	-744	-241	2515	-1580	389	546	-2275	1098	-1217	2952	-2994	3774	4874

(a) Balance of payments basis.

TABLE 2. BALANCE OF PAYMENTS - CURRENT ACCOUNT

\$MILLION

	YEAR			QUARTERS ENDED:-									
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
CURRENT TRANSACTIONS -													
GOODS AND SERVICES -													
MERCHANDISE (a) -													
Exports fob	29212	32200	35424	8688	8482	7963	8138	7617	8192	9206	8610	9416	9133
Imports fob	-30093	-35622	-37192	-8376	-9298	-9150	-8611	-8563	-9625	-9536	-8835	-9196	-9799
BALANCE ON MERCHANDISE TRADE	-881	-3422	-1768	312	-816	-1187	-473	-946	-1433	-330	-225	220	-666
SERVICES -													
Credits -													
Shipment	395	379	439	110	97	94	96	92	107	111	110	111	109
Other transportation	2092	2480	2849	553	563	640	664	613	632	731	785	701	734
Travel	1359	1801	2524	338	332	491	522	456	471	698	735	620	674
Other services	1088	1215	1398	309	283	283	301	348	333	348	340	377	349
Total services credits	4934	5875	7210	1310	1275	1508	1583	1509	1543	1888	1970	1809	1866
Debits-													
Shipment	-2539	-2827	-2847	-697	-753	-727	-668	-679	-768	-730	-675	-674	-725
Other transportation	-2093	-2232	-2089	-586	-615	-562	-520	-535	-552	-517	-512	-508	-616
Travel	-2618	-2730	-2928	-676	-752	-654	-641	-683	-817	-708	-686	-717	-897
Other services	-1672	-1975	-2232	-469	-460	-481	-510	-524	-502	-551	-590	-589	-574
Total services debits	-8922	-9764	-10096	-2428	-2580	-2424	-2339	-2421	-2639	-2506	-2463	-2488	-2812
NET SERVICES	-3988	-3889	-2886	-1118	-1305	-916	-756	-912	-1096	-618	-493	-679	-946
BALANCE ON GOODS AND SERVICES	-4869	-7311	-4654	-806	-2121	-2103	-1229	-1858	-2529	-948	-718	-459	-1612
INCOME -													
Credits -													
Property income -													
Reinvested earnings (b)	315	640	720	79	160	160	160	160	180	180	180	180	230
Other (c)	1324	1353	1374	355	348	382	336	287	326	272	330	446	428
Labour and other income	209	213	234	55	56	51	52	54	64	57	56	57	70
Total income credits	1848	2206	2328	489	564	593	548	501	570	509	566	683	728
Debits -													
Property income -													
Reinvested earnings (b)	-594	-888	-1000	-149	-222	-222	-222	-222	-250	-250	-250	-250	-201
Other	-7657	-9182	-10999	-2155	-1966	-2289	-2476	-2451	-2323	-2633	-2907	-3136	-2866
Labour and other income	-165	-196	-253	-42	-41	-52	-54	-49	-52	-68	-71	-62	-70
Total income debits	-8416	-10266	-12252	-2346	-2229	-2563	-2752	-2722	-2625	-2951	-3228	-3448	-3137
NET INCOME	-6568	-8060	-9924	-1857	-1665	-1970	-2204	-2221	-2055	-2442	-2662	-2765	-2409
UNREQUITED TRANSFERS -													
Credits													
2016	2532	3041	587	563	663	629	677	682	776	793	790	788	
Debits (d)													
-1654	-1700	-1693	-483	-343	-369	-473	-515	-358	-396	-468	-471	-358	
NET UNREQUITED TRANSFERS	362	832	1348	104	220	294	156	162	324	380	325	319	430
BALANCE ON CURRENT ACCOUNT	-11075	-14539	-13230	-2559	-3566	-3779	-3277	-3917	-4260	-3010	-3055	-2905	-3591

(a) Balance of payments basis. (b) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication. (c) Up to and including June quarter 1985, this income is recorded after deducting withholding tax on both interest and dividends. From September quarter 1985 withholding tax is not deducted. (d) From September quarter 1985, includes withholding tax.

TABLE 3. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SEASONALLY ADJUSTED

\$MILLION

	QUARTERS ENDED-									
	1984-85		1985-86				1986-87			
	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
CURRENT TRANSACTIONS -										
GOODS AND SERVICES -										
MERCHANDISE (a) -										
Exports fob	8496	8418	8052	8343	7399	8078	9259	9117	9178	9010
Imports fob	-8440	-8760	-9159	-9107	-8638	-9048	-9540	-9351	-9276	-9208
BALANCE ON MERCHANDISE TRADE	56	-342	-1107	-764	-1239	-970	-281	-234	-98	-198
SERVICES -										
Credits -										
Shipment	110	97	94	96	92	107	111	110	111	109
Other transportation	572	573	617	650	639	651	698	762	733	760
Travel	372	367	449	478	500	522	637	673	680	749
Other services	293	296	284	300	335	346	348	338	362	365
Total services credits	1347	1333	1444	1524	1566	1626	1794	1883	1886	1983
Debits -										
Shipment	-707	-705	-728	-706	-689	-716	-732	-715	-684	-675
Other transportation	-576	-582	-581	-547	-524	-516	-537	-539	-499	-584
Travel	-688	-688	-671	-676	-694	-747	-727	-725	-728	-820
Other services	-452	-476	-496	-496	-504	-519	-569	-575	-568	-593
Total services debits	-2423	-2451	-2476	-2425	-2411	-2498	-2565	-2554	-2479	-2672
NET SERVICES	-1076	-1118	-1032	-901	-845	-872	-771	-671	-593	-689
BALANCE ON GOODS AND SERVICES	-1020	-1460	-2139	-1665	-2084	-1842	-1052	-905	-691	-887
INCOME -										
Credits -										
Property income -										
Reinvested earnings (b)	79	160	160	160	160	180	180	180	180	230
Other (c)	331	376	385	391	261	353	271	379	333	497
Labour and other income	55	53	52	54	54	60	58	59	58	66
Total income credits	465	589	597	605	475	593	509	618	571	793
Debits -										
Property income -										
Reinvested earnings (b)	-149	-222	-222	-222	-222	-250	-250	-250	-250	-201
Other	-2188	-2079	-2108	-2575	-2534	-2437	-2414	-3046	-3288	-3021
Labour and other income	-43	-46	-49	-50	-51	-58	-64	-66	-65	-78
Total income debits	-2380	-2347	-2379	-2847	-2807	-2745	-2728	-3362	-3603	-3300
NET INCOME	-1915	-1758	-1782	-2242	-2332	-2152	-2219	-2744	-3032	-2507
UNREQUITED TRANSFERS -										
Credits	584	585	634	642	670	707	743	811	784	819
Debits (d)	-416	-375	-402	-470	-431	-389	-428	-465	-410	-390
NET UNREQUITED TRANSFERS	168	210	232	172	239	318	315	346	374	429
BALANCE ON CURRENT ACCOUNT	-2767	-3008	-3689	-3735	-4177	-3676	-2956	-3303	-3349	-2965

(a) Balance of payments basis. (b) See footnote (b) to Table 2. (c) See footnote (c) to Table 2. (d) See footnote (d) to Table 2.

TABLE 4. BALANCE OF PAYMENTS - CAPITAL ACCOUNT

	\$MILLION												
	YEAR			QUARTERS ENDED									
	1984-85	1985-86	1986-87	1984-85 JUN	1985-86 SEP DEC MAR	1986-87 JUN SEP DEC MAR	1987-88 JUN SEP						
NET CAPITAL TRANSACTIONS -													
OFFICIAL -													
GENERAL GOVERNMENT -													
Foreign Investment in Australia													
Borrowing	4131	5609	6345	1399	812	1390	3055	352	-280	1834	2079	2712	580
Other	-46	30	-12	-32	-24	35	-12	31	-19	73	-28	-38	-
Total	4084	5639	6333	1367	788	1425	3043	383	-299	1907	2051	2674	580
Australian investment abroad	-341	-213	-572	-140	21	-104	78	-208	61	-254	5	-384	-18
TOTAL	3743	5426	5761	1227	809	1322	3121	175	-238	1653	2056	2290	562
RESERVE BANK -													
Foreign Investment in Australia	-10	-16	18	-4	-16	4	-20	16	-7	8	-	17	-1
Australian investment abroad -													
Reserve assets	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856
TOTAL	1510	2124	-3376	591	770	1096	-499	757	2783	-4062	1566	-3663	-1857
TOTAL OFFICIAL	5253	7550	2385	1818	1579	2418	2622	932	2545	-2409	3622	-1373	-1295
NON-OFFICIAL -													
Foreign Investment in Australia -													
Direct investment (a) -													
Reinvestment of earnings	594	888	1000	149	222	222	222	222	250	250	250	250	201
Other	2043	2317	3862	1142	370	555	-195	1587	164	2210	387	1101	1721
Portfolio & other investment(a)	8099	10138	8501	1137	2087	2190	3918	1943	3839	1875	2844	-57	2155
Total foreign investment in Australia	10736	13343	13363	2428	2679	2967	3945	3752	4253	4335	3481	1294	4077
Australian investment abroad -													
Direct investment (a) -													
Reinvestment of earnings	-315	-638	-720	-79	-159	-159	-160	-160	-180	-180	-180	-180	-180
Other	-1262	-1490	-366	-404	-451	-349	134	-824	-176	-1159	803	166	-2548
Portfolio & other investment(a)	-2593	-3985	-3947	376	-471	-1644	-989	-881	-965	-529	-1677	-776	-1337
Total Australian investment abroad	-4170	-6113	-5033	-107	-1081	-2152	-1015	-1865	-1321	-1868	-1054	-790	-4065
TOTAL NON-OFFICIAL	6566	7230	8330	2321	1598	815	2930	1887	2932	2467	2427	504	12
BALANCE ON CAPITAL ACCOUNT	11819	14780	10715	4139	3177	3233	5552	2819	5477	58	6049	-869	-1283

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication.

TABLE 5. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES AT CURRENT AND AVERAGE 1979-80 PRICES - ORIGINAL AND SEASONALLY ADJUSTED

\$MILLION													
	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
AT CURRENT PRICES													
Merchandise exports fob	29212	32200	35424	8688	8482	7963	8138	7617	8192	9206	8610	9416	9133
Services, credits	4934	5875	7210	1310	1275	1508	1583	1509	1543	1888	1970	1809	1866
TOTAL EXPORTS OF GOODS AND SERVICES	34146	38075	42634	9998	9757	9471	9721	9126	9735	11094	10580	11225	10999
Merchandise imports fob	-30093	-35622	-37192	-8376	-9298	-9150	-8611	-8563	-9625	-9536	-8835	-9196	-9799
Services, debits	-8922	-9764	-10096	-2428	-2580	-2424	-2339	-2421	-2639	-2506	-2463	-2488	-2812
TOTAL IMPORTS OF GOODS AND SERVICES	-39015	-45386	-47288	-10804	-11878	-11574	-10950	-10984	-12264	-12042	-11298	-11684	-12611
AT AVERAGE 1979-80 PRICES													
Merchandise exports fob	22191	23594	25254	6123	6112	5700	5938	5844	5843	6540	6134	6737	6440
Services, credits	3459	3717	4160	889	846	959	977	935	914	1098	1115	1033	1054
TOTAL EXPORTS OF GOODS AND SERVICES	25650	27311	29414	7012	6958	6659	6915	6779	6757	7638	7249	7770	7494
Merchandise imports fob	-21713	-22081	-20968	-5447	-5949	-5688	-5169	-5275	-5511	-5332	-4945	-5180	-5553
Services, debits	-6573	-6227	-5943	-1607	-1682	-1530	-1475	-1540	-1532	-1489	-1438	-1484	-1673
TOTAL IMPORTS OF GOODS AND SERVICES	-28286	-28308	-26911	-7054	-7631	-7218	-6644	-6815	-7043	-6821	-6383	-6664	-7226
AT CURRENT PRICES - SEASONALLY ADJUSTED													
Merchandise exports fob	..	..	..	8496	8418	8052	8343	7399	8078	9259	9117	9178	9010
Services, credits	..	..	..	1347	1333	1444	1524	1566	1626	1794	1883	1886	1983
TOTAL EXPORTS OF GOODS AND SERVICES	..	..	..	9843	9751	9496	9867	8965	9704	11053	11000	11064	10993
Merchandise imports fob	..	..	..	-8440	-8760	-9159	-9107	-8638	-9048	-9540	-9351	-9276	-9208
Services, debits	..	..	..	-2423	-2451	-2476	-2425	-2411	-2498	-2565	-2554	-2479	-2672
TOTAL IMPORTS OF GOODS AND SERVICES	..	..	..	-10863	-11211	-11635	-11532	-11049	-11546	-12105	-11905	-11755	-11880
AT AVERAGE 1979-80 PRICES - SEASONALLY ADJUSTED													
Merchandise exports fob	..	..	..	5972	6045	5796	6093	5674	5750	6629	6454	6568	6341
Services, credits	..	..	..	910	874	921	951	963	952	1050	1079	1070	1106
TOTAL EXPORTS OF GOODS AND SERVICES	..	..	..	6882	6919	6717	7044	6637	6702	7679	7533	7638	7447
Merchandise imports fob	..	..	..	-5486	-5604	-5696	-5464	-5319	-5186	-5353	-5220	-5222	-5223
Services, debits	..	..	..	-1606	-1619	-1557	-1514	-1534	-1471	-1515	-1476	-1479	-1613
TOTAL IMPORTS OF GOODS AND SERVICES	..	..	..	-7092	-7223	-7253	-6978	-6853	-6657	-6868	-6696	-6701	-6836

TABLE 6. BALANCE OF PAYMENTS - EXPORTS AND IMPORTS OF GOODS AND SERVICES - IMPLICIT PRICE DEFLATORS AND TERMS OF TRADE (1979-80 =100) (a)

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87				1987-88	
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
IMPLICIT PRICE DEFLATORS													
Merchandise exports													
Rural exports fob	123.0	126.1	131.8	131.8	127.4	126.5	126.9	123.7	129.7	130.0	132.0	134.9	137.2
Non-rural exports fob	137.3	143.7	145.9	149.5	147.3	147.6	143.9	135.3	148.2	146.3	146.7	142.9	145.3
Total exports fob	131.6	136.5	140.3	142.3	139.3	138.9	136.9	130.4	140.5	139.7	141.3	139.7	142.1
Services, credits	142.6	158.1	174.2	148.0	152.5	156.8	160.3	162.6	170.8	170.9	174.5	176.3	179.3
TOTAL EXPORTS OF GOODS & SERVICES	133.1	139.4	145.1	143.0	140.9	141.4	140.1	135.1	144.8	143.9	146.0	144.9	147.6
Merchandise imports fob (b)													
Exogenous imports fob	169.2	181.2	154.0	191.0	192.3	193.0	188.9	145.8	137.3	155.6	155.0	168.7	170.8
Endogenous imports fob	134.6	158.8	181.5	149.0	151.2	156.8	163.9	164.4	181.3	182.6	182.1	178.9	176.9
Total imports fob	138.6	161.3	177.7	153.8	156.3	160.8	166.7	162.4	174.5	178.2	179.1	177.6	176.3
Services, debits	135.7	156.8	169.8	150.9	151.4	159.0	160.2	157.2	169.8	169.3	173.0	167.6	165.7
TOTAL IMPORTS OF GOODS & SERVICES	137.9	160.3	175.9	153.2	155.2	160.4	165.3	161.2	173.4	176.3	174.3	175.4	173.8
TERMS OF TRADE													
Merchandise trade (c)	94.9	84.6	79.0	92.5	89.1	86.4	82.1	80.3	80.5	78.4	78.9	78.7	80.6
Services (d)	105.1	100.8	102.6	98.1	100.7	98.6	100.1	103.4	100.6	100.9	100.9	105.2	108.2
Goods and services (e)	96.5	87.0	82.5	93.3	90.8	88.2	84.8	83.8	83.5	81.6	82.1	82.6	84.9

(a) Quarterly figures are derived from seasonally adjusted data. (b) These entries carry the opposite sign to related import entries in Tables 1,2,3,5,7,8,9 and 10. See paragraph 5 of the Explanatory Notes. (c) Derived by dividing the IPD for merchandise exports fob by the IPD for merchandise imports fob. (d) Derived by dividing the IPD for services, credits by the IPD for services, debits. (e) Derived by dividing the IPD for total exports of goods and services by the IPD for total imports of goods and services.

TABLE 7. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS)

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
EXPORTS FOB (a) -													
RURAL EXPORTS FOB -													
Meat and meat preparations	1371	1699	2244	414	460	399	380	460	545	589	512	598	609
Cereals and cereal preparations	3855	3880	2783	1091	889	766	1276	949	689	718	649	727	628
Sugar, sugar preps. and honey	615	646	708	157	164	159	122	201	214	165	157	172	193
Wool and sheepskins	2573	3061	3889	952	634	780	914	733	671	943	1106	1169	905
Other (dairy produce, fruit etc.)	2426	2958	3507	722	785	734	703	736	867	891	806	943	971
TOTAL RURAL	10840	12244	13131	3336	2932	2838	3395	3079	2986	3306	3230	3609	3306
NON-RURAL EXPORTS FOB -													
Metal ores and minerals	4722	5005	4956	1399	1413	1226	1122	1244	1307	1436	1040	1173	1265
Mineral fuels -													
Coal, coke and briquettes	4665	5240	5456	1352	1323	1356	1332	1229	1388	1440	1273	1355	1140
Other	2360	2299	1515	776	756	755	613	175	241	425	415	434	407
Metals and metal manufactures	2512	2717	3141	759	786	655	672	604	804	738	777	822	947
Machinery and transport equipment	1654	1614	2629	416	409	431	345	429	500	770	685	674	710
Other	2459	3081	4596	650	863	702	659	857	966	1091	1190	1349	1358
TOTAL NON-RURAL	18372	19956	22293	5352	5550	5125	4743	4538	5206	5900	5380	5807	5827
TOTAL EXPORTS FOB	29212	32200	35424	8688	8482	7963	8138	7617	8192	9206	8610	9416	9133
IMPORTS FOB (a) -													
Food, beverages and tobacco	-1476	-1705	-1936	-389	-402	-412	-427	-464	-451	-513	-535	-437	-481
Fuels	-2321	-1909	-1750	-622	-621	-488	-490	-310	-424	-477	-421	-428	-412
Basic materials	-1052	-1109	-1178	-279	-282	-276	-263	-288	-278	-274	-285	-341	-357
Chemicals (including plastics)	-2567	-3003	-3466	-740	-763	-721	-739	-780	-829	-854	-845	-938	-984
Textiles, fabrics etc	-1452	-1669	-1830	-388	-431	-428	-380	-430	-474	-459	-424	-473	-513
Metals and metal manufactures	-1462	-1695	-1845	-397	-422	-429	-409	-435	-497	-451	-424	-473	-570
Machinery and transport equipment	-12820	-16188	-15897	-3681	-4215	-4243	-3907	-3823	-4193	-4166	-3596	-3942	-3918
Other	-6943	-8344	-9290	-1880	-2162	-2153	-1996	-2033	-2479	-2342	-2305	-2164	-2564
TOTAL IMPORTS FOB	-30093	-35622	-37192	-8376	-9298	-9150	-8611	-8563	-9625	-9536	-8835	-9196	-9799
Of which:													
Exogenous (b)	-4237	-4539	-4458	-1193	-1357	-1187	-1167	-828	-1122	-1326	-904	-1106	-875
Endogenous (b)													
Consumption goods	-6918	-8123	-8296	-1787	-2173	-2169	-1872	-1909	-2235	-2188	-2040	-1833	-2245
Capital goods	-6567	-8092	-8068	-1922	-2026	-2120	-1977	-1969	-2148	-2047	-1933	-1940	-1990
Other goods	-12371	-14868	-16370	-3474	-3742	-3674	-3595	-3857	-4120	-3975	-3958	-4317	-4689
Total	-25856	-31083	-32734	-7183	-7941	-7963	-7444	-7735	-8503	-8210	-7931	-8090	-8924
BALANCE ON MERCHANDISE TRADE	-881	-3422	-1768	312	-816	-1187	-473	-946	-1433	-330	-225	220	-666

(a) For composition of component series, see paragraph 8 of the Explanatory Notes. (b) For definitions, see paragraphs 12, 13 and 14 of the Explanatory Notes.

TABLE 8. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) AT AVERAGE 1979-80 PRICES

\$MILLION

	YEAR				QUARTERS ENDED-								
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
EXPORTS FOB (a) -													
RURAL EXPORTS FOB -													
Meat and meat preparations	1220	1457	1726	345	388	334	322	413	446	436	391	453	458
Cereals and cereal preparations	3028	3108	2699	791	668	615	1027	798	572	674	679	774	671
Sugar, sugar preps. and honey	815	854	834	210	240	216	156	242	234	201	185	214	239
Wool and sheepskins	1964	2161	2406	685	468	541	632	520	453	610	677	666	474
Other (dairy produce, fruit etc.)	1784	2129	2305	505	570	533	506	520	622	597	515	571	595
TOTAL RURAL	8811	9709	9970	2536	2334	2239	2643	2493	2327	2518	2447	2678	2437
NON-RURAL EXPORTS FOB -													
Metal ores and minerals	3244	3297	3277	868	902	784	741	870	802	968	693	814	843
Mineral fuels -													
Coal, coke and briquettes	3073	3214	3427	821	806	822	803	783	800	874	792	961	837
Other	1538	1509	1529	454	449	456	404	200	292	470	380	387	365
Metals and metal manufactures	2354	2484	2497	658	704	589	627	564	645	582	633	637	690
Machinery and transport equipment	1015	922	1343	239	236	253	195	238	265	385	346	347	353
Other	2156	2459	3211	547	681	557	525	696	712	743	843	913	915
TOTAL NON-RURAL	13380	13885	15284	3587	3778	3461	3295	3351	3516	4022	3687	4059	4003
TOTAL EXPORTS FOB	22191	23594	25254	6123	6112	5700	5938	5844	5843	6540	6134	6737	6440
IMPORTS FOB (a) -													
Food, beverages and tobacco	-1132	-1145	-1176	-277	-281	-290	-281	-293	-275	-306	-320	-275	-314
Fuels	-1409	-1260	-1717	-336	-356	-287	-290	-327	-533	-470	-373	-341	-324
Basic materials	-864	-818	-801	-213	-210	-205	-191	-212	-197	-190	-185	-229	-237
Chemicals (including plastics)	-1929	-1973	-2066	-501	-517	-480	-471	-505	-490	-511	-501	-564	-600
Textiles, fabrics etc	-1142	-1129	-1093	-271	-303	-292	-250	-284	-277	-271	-255	-290	-307
Metals and metal manufactures	-1097	-1087	-1068	-267	-276	-277	-259	-275	-286	-258	-247	-277	-330
Machinery and transport equipment	-9040	-9486	-7983	-2333	-2601	-2505	-2219	-2161	-2095	-2062	-1809	-2017	-2024
Other	-5100	-5183	-5064	-1249	-1405	-1352	-1208	-1218	-1358	-1264	-1255	-1187	-1417
TOTAL IMPORTS FOB	-21713	-22081	-20968	-5447	-5949	-5688	-5169	-5275	-5511	-5332	-4945	-5180	-5553
Of which:													
Exogenous (b)	-2504	-2505	-2909	-625	-707	-613	-619	-566	-828	-841	-586	-654	-517
Endogenous (b)													
Consumption goods	-5386	-5286	-4779	-1259	-1477	-1423	-1196	-1190	-1278	-1260	-1165	-1076	-1323
Capital goods	-4662	-4844	-4112	-1236	-1282	-1285	-1143	-1134	-1096	-1027	-983	-1006	-1036
Other goods	-9161	-9446	-9168	-2327	-2483	-2367	-2211	-2385	-2309	-2204	-2211	-2444	-2677
Total	-19209	-19576	-18059	-4822	-5242	-5075	-4550	-4709	-4683	-4491	-4359	-4526	-5036
BALANCE ON MERCHANDISE TRADE	478	1513	4286	676	163	12	769	569	332	1208	1189	1557	887

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

TABLE 9. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - SEASONALLY ADJUSTED

\$MILLION

	QUARTERS ENDED-									
	1984-85	1985-86				1986-87				1987-88
	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
EXPORTS FOB (a) -										
RURAL EXPORTS FOB -										
Meat and meat preparations	400	413	401	445	445	487	594	601	579	543
Cereals and cereal preparations	1057	1035	917	1000	923	800	862	508	708	728
Sugar, sugar preps. and honey	144	133	165	172	183	175	171	219	158	158
Wool and sheepskins	918	811	786	769	707	856	953	931	1128	1152
Other (dairy produce, fruit etc.)	691	724	748	786	710	797	910	899	913	890
TOTAL RURAL	3210	3116	3017	3172	2968	3115	3490	3158	3486	3471
NON-RURAL EXPORTS FOB -										
Metal ores and minerals	1356	1318	1176	1316	1201	1222	1378	1222	1130	1185
Mineral fuels -										
Coal, coke and briquettes	1312	1319	1383	1344	1201	1384	1459	1282	1329	1137
Other	832	744	720	614	187	236	407	417	464	398
Metals and metal manufactures	745	733	671	724	590	751	755	840	800	885
Machinery and transport equipment	419	384	380	428	432	470	676	853	678	669
Other	622	804	705	745	820	900	1094	1345	1291	1265
TOTAL NON-RURAL	5286	5302	5035	5171	4431	4963	5769	5959	5692	5539
TOTAL EXPORTS FOB	8496	8418	8052	8343	7399	8078	9259	9117	9178	9010
IMPORTS FOB (a) -										
Food, beverages and tobacco	-393	-408	-405	-424	-467	-460	-503	-531	-440	-491
Fuels	-632	-595	-517	-477	-316	-403	-508	-410	-437	-391
Basic materials	-267	-263	-286	-286	-276	-260	-283	-309	-327	-335
Chemicals (including plastics)	-709	-729	-746	-784	-747	-792	-884	-898	-897	-940
Textiles, fabrics etc	-390	-396	-422	-422	-432	-435	-453	-472	-475	-471
Metals and metal manufactures	-391	-398	-440	-430	-429	-470	-461	-446	-466	-540
Machinery and transport equipment	-3673	-3982	-4208	-4198	-3822	-3952	-4125	-3874	-3945	-3689
Other	-1985	-1989	-2135	-2086	-2149	-2276	-2323	-2411	-2289	-2351
TOTAL IMPORTS FOB	-8440	-8760	-9159	-9107	-8638	-9048	-9540	-9351	-9276	-9208
Of which:										
Exogenous (b)	-1203	-1331	-1216	-1154	-834	-1101	-1357	-893	-1115	-854
Endogenous (b)										
Consumption goods	-1926	-2013	-2039	-2018	-2056	-2069	-2056	-2201	-1974	-2078
Capital goods	-1874	-1862	-2189	-2149	-1926	-1974	-2107	-2102	-1901	-1829
Other goods	-3437	-3554	-3715	-3786	-3822	-3904	-4020	-4155	-4286	-4447
Total	-7237	-7429	-7943	-7953	-7804	-7947	-8183	-8458	-8161	-8354
BALANCE ON MERCHANDISE TRADE	56	-342	-1107	-764	-1239	-970	-281	-234	-98	-198

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

TABLE 10. MERCHANDISE TRADE (BALANCE OF PAYMENTS BASIS) - AT AVERAGE 1979-80 PRICES - SEASONALLY ADJUSTED \$MILLION

	QUARTERS ENDED-									
	1984-85	1985-86				1986-87				1987-88
	JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
EXPORTS FOB (a) -										
RURAL EXPORTS FOB -										
Meat and meat preparations	334	348	336	377	400	398	439	459	438	408
Cereals and cereal preparations	766	778	736	805	776	664	810	531	754	778
Sugar, sugar preps. and honey	192	195	224	220	220	191	209	258	196	195
Wool and sheepskins	661	598	545	532	502	578	617	570	643	604
Other (dairy produce, fruit etc.)	483	526	544	565	501	571	610	574	553	545
TOTAL RURAL	2436	2445	2385	2499	2399	2402	2685	2392	2584	2530
NON-RURAL EXPORTS FOB -										
Metal ores and minerals	842	841	752	869	840	750	929	814	784	790
Mineral fuels -										
Coal, coke and briquettes	797	804	839	810	765	798	886	798	943	835
Other	487	442	435	404	214	286	450	382	414	357
Metals and metal manufactures	646	656	603	676	551	602	596	684	620	645
Machinery and transport equipment	241	222	223	242	239	249	338	431	349	332
Other	523	635	559	593	666	663	745	953	874	852
TOTAL NON-RURAL	3536	3600	3411	3594	3275	3348	3944	4062	3984	3811
TOTAL EXPORTS FOB	5972	6045	5796	6093	5674	5750	6629	6454	6568	6341
IMPORTS FOB (a) -										
Food, beverages and tobacco	-280	-285	-285	-279	-295	-280	-300	-318	-277	-321
Fuels	-341	-341	-304	-282	-333	-507	-501	-363	-348	-307
Basic materials	-204	-196	-212	-207	-203	-185	-196	-201	-219	-222
Chemicals (including plastics)	-480	-494	-497	-500	-484	-468	-529	-532	-540	-573
Textiles, fabrics etc	-272	-278	-288	-278	-285	-254	-267	-284	-291	-282
Metals and metal manufactures	-263	-260	-284	-272	-271	-270	-264	-260	-273	-312
Machinery and transport equipment	-2328	-2457	-2485	-2384	-2161	-1975	-2042	-1949	-2019	-1906
Other	-1318	-1293	-1341	-1262	-1287	-1247	-1254	-1313	-1255	-1300
TOTAL IMPORTS FOB	-5486	-5604	-5696	-5464	-5319	-5186	-5353	-5220	-5222	-5223
Of which:										
Exogenous (b)	-630	-692	-630	-611	-572	-802	-872	-576	-661	-500
Endogenous (b)										
Consumption goods	-1357	-1368	-1338	-1289	-1282	-1183	-1184	-1257	-1159	-1225
Capital goods	-1205	-1178	-1327	-1242	-1109	-1007	-1057	-1069	-986	-952
Other goods	-2294	-2366	-2401	-2322	-2356	-2194	-2240	-2318	-2416	-2546
Total	-4856	-4912	-5066	-4853	-4747	-4384	-4481	-4644	-4561	-4723
BALANCE ON MERCHANDISE TRADE	486	441	100	629	355	564	1276	1234	1346	1118

(a) See footnote (a) to Table 7. (b) See footnote (b) to Table 7.

TABLE 11. MERCHANDISE TRADE - FOREIGN TRADE STATISTICS ADJUSTED FOR BALANCE OF PAYMENTS PURPOSES

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
EXPORTS -													
Foreign trade statistics	29708	32785	35782	8856	8637	8057	8339	7752	8315	9281	8740	9446	9173
Adjustments -													
Coverage	-343	-486	-379	-120	-128	-128	-133	-97	-94	-138	-163	16	-115
Timing	-153	-99	21	-48	-27	34	-68	-38	-29	63	33	-46	75
Merchandise exports (balance of payments basis)	29212	32200	35424	8688	8482	7963	8138	7617	8192	9206	8610	9416	9133
IMPORTS -													
Foreign trade statistics	29050	34695	36975	7984	9099	8652	8500	8444	9596	9127	9187	9065	9834
Adjustments -													
Coverage	397	797	114	147	302	158	306	31	32	50	-70	102	-55
Timing	615	106	60	244	-104	333	-204	81	-16	350	-291	17	14
Valuation	31	24	43	1	1	7	9	7	13	9	9	12	6
Merchandise imports (balance of payments basis) (a)	30093	35622	37192	8376	9298	9150	8611	8563	9625	9536	8835	9196	9799

(a) These entries carry the opposite sign to corresponding entries in Tables 1,2,3,5,7,8,9 and 10. See paragraph 5 of the Explanatory Notes.

TABLE 12. BALANCE OF PAYMENTS - CURRENT ACCOUNT - SERVICES

\$MILLION

	YEAR				QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88	
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	
CREDITS -														
Shipment -														
Freight on exports	388	371	431	108	95	92	94	90	105	109	108	109	107	
Insurance on exports	7	8	8	2	2	2	2	2	2	2	2	2	2	
Total	395	379	439	110	97	94	96	92	107	111	110	111	109	
Other transportation -														
Passenger services	601	846	1197	151	159	220	255	212	239	330	359	269	298	
Port services etc	1491	1634	1652	402	404	420	409	401	393	401	426	432	436	
Total	2092	2480	2849	553	563	640	664	613	632	731	785	701	734	
Travel	1359	1801	2524	338	332	491	522	456	471	698	735	620	674	
Other services -														
Official	171	176	186	56	38	38	41	59	35	51	45	55	36	
Non-official -														
Expenditure of foreign govts	76	86	84	19	18	22	23	23	21	20	24	19	21	
Expenditure of foreign govt employees	48	53	63	12	13	13	13	14	16	16	15	16	16	
Expenditure of resident entity employees	121	146	192	28	28	39	42	37	37	53	55	47	51	
Insurance services nec	10	12	16	3	3	3	3	3	4	4	4	4	5	
Miscellaneous services	662	742	857	191	183	168	179	212	220	204	197	236	220	
Total	917	1039	1212	253	245	245	260	289	298	297	295	322	313	
Total other services	1088	1215	1398	309	283	283	301	348	333	348	340	377	349	
TOTAL SERVICES CREDITS	4934	5875	7210	1310	1275	1508	1583	1509	1543	1888	1970	1809	1866	
DEBITS -														
Shipment -														
Freight on imports	-2523	-2803	-2823	-693	-747	-721	-662	-673	-762	-724	-669	-668	-719	
Insurance on imports	-16	-24	-24	-4	-6	-6	-6	-6	-6	-6	-6	-6	-6	
Total	-2539	-2827	-2847	-697	-753	-727	-668	-679	-768	-730	-675	-674	-725	
Other transportation -														
Passenger services	-1220	-1291	-1282	-346	-351	-313	-300	-327	-357	-317	-303	-305	-359	
Port services etc	-873	-941	-807	-240	-264	-249	-220	-208	-195	-200	-209	-203	-257	
Total	-2093	-2232	-2089	-586	-615	-562	-520	-535	-552	-517	-512	-508	-616	
Travel	-2618	-2730	-2928	-676	-752	-654	-641	-683	-817	-708	-686	-717	-897	
Other services -														
Official -														
Defence services	-73	-81	-95	-26	-14	-15	-19	-33	-15	-21	-26	-33	-15	
Financial services	-33	-50	-57	-10	-4	-17	-20	-9	-14	-15	-14	-14	-6	
Miscellaneous services	-162	-188	-210	-53	-42	-42	-44	-60	-44	-55	-48	-63	-50	
Total	-268	-319	-362	-89	-60	-74	-83	-102	-73	-91	-88	-110	-71	
Non-official -														
Expenditure of Aust govt employees	-99	-108	-119	-31	-28	-29	-24	-27	-28	-30	-31	-30	-30	
Expenditure of non-resident entity employees	-171	-171	-191	-44	-46	-41	-41	-43	-53	-46	-45	-47	-58	
Insurance services nec	-182	-250	-266	-46	-62	-62	-63	-63	-66	-66	-67	-67	-72	
Miscellaneous services	-952	-1127	-1294	-259	-264	-275	-299	-289	-282	-318	-359	-335	-343	
Total	-1404	-1656	-1870	-380	-400	-407	-427	-422	-429	-460	-502	-479	-503	
Total other services	-1672	-1975	-2232	-469	-460	-481	-510	-524	-502	-551	-590	-589	-574	
TOTAL SERVICES DEBITS	-8922	-9764	-10096	-2428	-2580	-2424	-2339	-2421	-2639	-2506	-2463	-2488	-2812	
NET SERVICES	-3988	-3889	-2886	-1118	-1305	-916	-756	-912	-1096	-618	-493	-679	-946	

TABLE 13. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME CREDITS

\$MILLION

	YEAR			QUARTERS ENDED-									1987-88 SEP
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88 JUN		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC		MAR	
PROPERTY INCOME -													
Investment income -													
Official -													
General government	24	37	22	6	10	10	10	7	7	5	5	5	4
Reserve Bank (a)	831	598	531	206	162	158	134	144	141	115	115	160	188
Total official	855	635	553	212	172	168	144	151	148	120	120	165	192
Non-official -													
Direct investment income(b)-													
Reinvested earnings	315	640	720	79	160	160	160	160	180	180	180	180	230
Distributed earnings -													
Remitted profits	36	70	33	7	60	4	3	3	16	2	8	7	7
Dividends (c)	129	335	427	55	51	116	113	55	46	60	64	257	111
Interest (c)	-22	-108	-250	-3	-16	-9	-33	-50	-41	-48	-36	-125	-52
Total	143	297	210	59	95	111	83	8	21	14	36	139	66
Total direct investment income	458	937	930	138	255	271	243	168	201	194	216	319	296
Portfolio and other investment income (b) (c) -													
Dividends	36	60	158	10	15	12	12	21	25	51	52	30	48
Interest	160	252	286	39	46	58	78	70	97	37	85	67	80
Total	196	312	444	49	61	70	90	91	122	88	137	97	128
Total non-official	654	1249	1374	187	316	341	333	259	323	282	353	416	424
Total investment income	1509	1884	1927	399	488	509	477	410	471	402	473	581	616
Other property income	130	109	167	35	20	33	19	37	35	50	37	45	42
TOTAL PROPERTY INCOME	1639	1993	2094	434	508	542	496	447	506	452	510	626	658
LABOUR AND OTHER INCOME -													
Labour income -													
Earnings in Australia	38	42	43	11	10	10	11	11	11	11	11	10	12
Earnings abroad	171	171	191	44	46	41	41	43	53	46	45	47	58
Total	209	213	234	55	56	51	52	54	64	57	56	57	70
Insurance income	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LABOUR AND OTHER INCOME	209	213	234	55	56	51	52	54	64	57	56	57	70
TOTAL INCOME CREDITS	1848	2206	2328	489	564	593	548	501	570	509	566	683	728

(a) Also includes interest/remuneration received from the IMF on behalf of the Commonwealth Government.(b) See footnote (b) to Table 2.(c) See footnote (c) to Table 2.

TABLE 14. BALANCE OF PAYMENTS - CURRENT ACCOUNT - INCOME DEBITS

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
PROPERTY INCOME -													
Investment income -													
Official -													
General government -													
Interest on foreign currency borrowing	-661	-1009	-1463	-107	-224	-328	-246	-211	-365	-419	-356	-323	-340
Interest on Australian currency borrowing	-270	-579	-929	-68	-88	-105	-183	-203	-158	-190	-275	-306	-244
Total	-931	-1588	-2392	-175	-312	-433	-429	-414	-523	-609	-631	-629	-584
Reserve Bank (a)	-32	-23	-22	-8	-6	-6	-6	-5	-	-11	-6	-5	-5
Total official	-963	-1611	-2414	-183	-318	-439	-435	-419	-523	-620	-637	-634	-589
Non-official -													
Direct investment income (b) -													
Reinvested earnings	-594	-888	-1000	-149	-222	-222	-222	-222	-250	-250	-250	-250	-201
Distributed earnings -													
Remitted profits	-440	-185	-142	-197	-37	-91	-31	-26	-32	-69	-30	-11	-33
Dividends	-645	-751	-656	-188	-290	-224	-124	-113	-230	-220	-95	-111	-307
Interest	-516	-644	-687	-149	-140	-200	-150	-154	-161	-171	-193	-162	-193
Total	-1601	-1580	-1485	-534	-467	-515	-305	-293	-423	-460	-318	-284	-533
Total direct investment income	-2195	-2468	-2485	-683	-689	-737	-527	-515	-673	-710	-568	-534	-734
Portfolio and other investment income (b) -													
Dividends	-532	-541	-1000	-154	-43	-103	-178	-217	-93	-150	-306	-451	-131
Interest -													
Public sector	-1229	-1673	-1872	-352	-358	-320	-573	-422	-425	-418	-539	-490	-412
Private sector	-2643	-3148	-3560	-772	-665	-779	-797	-907	-751	-815	-920	-1074	-1063
Total	-3872	-4821	-5432	-1124	-1023	-1099	-1370	-1329	-1176	-1233	-1459	-1564	-1475
Total portfolio and other investment income	-4404	-5362	-6432	-1278	-1066	-1202	-1548	-1546	-1269	-1383	-1765	-2015	-1606
Total non-official	-6599	-7830	-8917	-1961	-1755	-1939	-2075	-2061	-1942	-2093	-2333	-2549	-2340
Total investment income	-7562	-9441	-11331	-2144	-2073	-2378	-2510	-2480	-2465	-2713	-2970	-3183	-2929
Other property income -													
Cinema and TV film royalties	-240	-250	-270	-60	-42	-69	-75	-64	-46	-75	-81	-68	-48
Other	-449	-379	-398	-100	-73	-64	-113	-129	-62	-95	-106	-135	-90
Total	-689	-629	-668	-160	-115	-133	-188	-193	-108	-170	-187	-203	-138
TOTAL PROPERTY INCOME	-8251	-10070	-11999	-2304	-2188	-2511	-2698	-2673	-2573	-2883	-3157	-3386	-3067
LABOUR AND OTHER INCOME -													
Official													
	-44	-50	-61	-14	-13	-13	-12	-12	-15	-15	-16	-15	-19
Non-official													
Labour income	-121	-146	-192	-28	-28	-39	-42	-37	-37	-53	-55	-47	-51
Insurance income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-official	-121	-146	-192	-28	-28	-39	-42	-37	-37	-53	-55	-47	-51
TOTAL LABOUR AND OTHER INCOME	-165	-196	-253	-42	-41	-52	-54	-49	-52	-68	-71	-62	-70
TOTAL INCOME DEBITS	-8416	-10266	-12252	-2346	-2229	-2563	-2752	-2722	-2625	-2951	-3228	-3448	-3137

(a) Also includes interest /charges paid to the IMF on behalf of the Commonwealth Government. (b) See footnote (b) to Table 2.

TABLE 15. BALANCE OF PAYMENTS - CURRENT ACCOUNT - UNREQUITED TRANSFERS

	YEAR			\$MILLION									
	1984-85	1985-86	1986-87	QUARTERS ENDED-									
				1984-85	1985-86				1986-87				1987-88
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
CREDITS .													
Official													
Non-official -	598	712	814	165	162	168	181	201	195	205	221	193	213
Migrants' transfers													
Foreign government pensions	1052	1348	1657	318	298	367	331	352	357	423	438	439	460
Miscellaneous transfers	19	27	26	5	5	6	8	8	6	6	6	8	7
Total	347	445	544	99	98	122	109	116	124	142	128	150	108
TOTAL UNREQUITED TRANSFERS CREDITS	1418	1820	2227	422	401	495	448	476	487	571	572	597	575
DEBITS .	2016	2532	3041	587	563	663	629	677	682	776	793	790	788
Official -													
Foreign aid -													
Papua New Guinea aid													
Other foreign aid	-330	-337	-348	-81	-80	-85	-87	-85	-85	-90	-90	-83	-71
Total	-462	-463	-395	-179	-63	-69	-113	-218	-56	-70	-113	-156	-56
Pensions	-792	-800	-743	-260	-143	-154	-200	-303	-141	-160	-203	-239	-127
Miscellaneous transfers	-95	-124	-136	-26	-26	-27	-35	-36	-30	-31	-36	-39	-33
Total official	-63	-56	-68	-27	-8	-8	-34	-6	-6	-12	-44	-6	-7
Non-official (a) -	-950	-980	-947	-313	-177	-189	-269	-345	-177	-203	-283	-284	-167
Migrants' transfers													
Withholding taxes	-296	-296	-306	-72	-68	-74	-84	-70	-74	-81	-75	-76	-77
Miscellaneous transfers	na	-16	-22	na	na	-4	-4	-4	-5	-5	-6	-6	-7
Total non-official	-408	-408	-418	-98	-94	-102	-116	-96	-102	-107	-104	-105	-107
TOTAL UNREQUITED TRANSFERS DEBITS	-704	-720	-746	-170	-166	-180	-204	-170	-181	-193	-185	-187	-191
NET UNREQUITED TRANSFERS	-1654	-1700	-1693	-483	-343	-369	-473	-515	-358	-396	-468	-471	-358
	362	832	1348	104	220	294	156	162	324	380	325	319	430

(a) See footnote (d) to Table 2.

TABLE 16. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF GENERAL GOVERNMENT \$MILLION

	YEAR				QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88	
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	
FOREIGN INVESTMENT IN AUSTRALIA -														
BORROWING -														
Domiciled abroad -														
Commonwealth Government -														
Drawings	1807	2876	3084	440	59	896	1519	402	442	1828	814	-	-	
Repayments	-880	-1605	-2359	-156	-156	-642	-440	-367	-959	-508	-637	-255	-423	
Total	928	1271	725	284	-97	254	1079	35	-517	1320	177	-255	-423	
State government -														
Drawings	1327	2098	2963	531	167	722	815	394	289	462	842	1370	911	
Repayments	-111	-637	-439	-45	-	-80	-130	-427	-76	-154	-101	-108	-245	
Total	1216	1461	2524	486	167	642	685	-33	213	308	741	1262	666	
Total domiciled abroad	2144	2732	3249	770	70	896	1764	2	-304	1628	918	1007	243	
Domiciled in Australia -														
Purchases by non - residents	3593	7363	12024	1190	1239	1316	2633	2175	1664	1580	3154	5626	5225	
Sales by non - residents	-1606	-4486	-8928	-561	-497	-822	-1342	-1825	-1640	-1374	-1993	-3921	-4888	
Total domiciled in Australia	1987	2877	3096	629	742	494	1291	350	24	206	1161	1705	337	
TOTAL BORROWING	4131	5609	6345	1399	812	1390	3055	352	-280	1834	2079	2712	580	
OTHER	-46	30	-12	-32	-24	35	-12	31	-19	73	-28	-38	-	
TOTAL FOREIGN INVESTMENT IN AUSTRALIA	4084	5639	6333	1367	788	1425	3043	383	-299	1907	2051	2674	580	
AUSTRALIAN INVESTMENT ABROAD -														
Lending	-73	-32	-166	-21	-41	-74	130	-47	-26	28	-102	-66	-140	
Accounts receivable/prepayments made	-213	-45	-312	-119	62	43	-49	-101	87	-196	107	-310	123	
Other	-55	-136	-94	-	-	-73	-3	-60	-	-86	-	-8	-1	
TOTAL AUSTRALIAN INVESTMENT ABROAD	-341	-213	-572	-140	21	-104	78	-208	61	-254	5	-384	-18	
TOTAL GENERAL GOVERNMENT	3743	5426	5761	1227	809	1322	3121	175	-238	1653	2056	2290	562	

TABLE 17. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE RESERVE BANK

\$MILLION

	YEAR				QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88	
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP	
FOREIGN INVESTMENT IN AUSTRALIA -														
Use of IMF credit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-10	-16	18	-4	-16	4	-20	16	-7	8	-	17	-1	
TOTAL FOREIGN INVESTMENT IN AUSTRALIA														
	-10	-16	18	-4	-16	4	-20	16	-7	8	-	17	-1	
AUSTRALIAN INVESTMENT ABROAD-														
RESERVE ASSETS -														
Official reserve assets -														
Monetary gold	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SDRs	-124	-53	-4	-23	-46	-17	5	5	-	-	5	-9	4	
Reserve position in IMF	-57	-4	-	2	-6	2	-	-	-	-	-	-	-	-
Foreign exchange	1701	2197	-3390	616	838	1107	-484	736	2790	-4070	1561	-3671	-1860	
Total	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856	
Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL RESERVE ASSETS	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856	
OTHER														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL AUSTRALIAN INVESTMENT ABROAD	1520	2140	-3394	595	786	1092	-479	741	2790	-4070	1566	-3680	-1856	
TOTAL RESERVE BANK	1510	2124	-3376	591	770	1096	-499	757	2783	-4062	1566	-3663	-1857	

TABLE 18. BALANCE OF PAYMENTS - CAPITAL ACCOUNT - NET CAPITAL TRANSACTIONS OF THE NON-OFFICIAL SECTOR

\$MILLION

	YEAR			QUARTERS ENDED									1987-88 SEP
	1984-85	1985-86	1986-87	1984-85 JUN	1985-86			1986-87			1987-88 JUN		
				SEP	DEC	MAR	JUN	SEP	DEC	MAR			
FOREIGN INVESTMENT IN AUSTRALIA -													
DIRECT INVESTMENT (a) -													
Reinvestment of earnings	594	888	1000	149	222	222	222	222	250	250	250	250	201
Corporate equities	340	2053	1751	282	338	603	397	715	249	1086	-189	605	-135
Net equity in branches	99	-315	196	25	7	175	-708	211	-318	73	438	3	904
Borrowing (b)	1174	275	2028	605	-12	-373	105	555	305	1157	405	161	734
Other	430	304	-113	230	37	150	11	106	-72	-106	-267	332	218
TOTAL DIRECT INVESTMENT	2637	3205	4862	1291	592	777	27	1809	414	2460	637	1351	1922
PORTFOLIO AND OTHER INVESTMENT(a)-													
Corporate equities	464	172	2839	665	1	27	78	66	404	592	685	1158	1063
Borrowing (b)-													
Public sector	3118	1928	383	-56	-201	-6	1567	568	710	16	666	-1009	731
Private sector	4284	8070	5288	475	2285	2094	2258	1433	2453	1347	1789	-301	496
Total	7402	9997	5673	419	2084	2087	3824	2002	3163	1363	2456	-1309	1227
Accounts payable/prepayments received -													
Public sector	57	-48	-126	12	-12	-16	-10	-10	-8	-11	12	-119	-481
Private sector	176	17	115	41	14	92	26	-115	280	-69	-309	213	346
Total	233	-31	-11	53	2	76	16	-125	272	-80	-297	94	-135
TOTAL PORTFOLIO AND OTHER INVESTMENT	8099	10138	8501	1137	2087	2190	3918	1943	3839	1875	2844	-57	2155
TOTAL FOREIGN INVESTMENT IN AUSTRALIA	10736	13343	13363	2428	2679	2967	3945	3752	4253	4335	3481	1294	4077
AUSTRALIAN INVESTMENT ABROAD -													
DIRECT INVESTMENT -													
Reinvestment of earnings	-315	-638	-720	-79	-159	-159	-160	-160	-180	-180	-180	-180	-180
Corporate equities	-1841	-2103	-2388	-498	47	-994	-397	-759	-237	-1211	-331	-609	-460
Net equity in branches	-113	-281	-224	-107	-38	-39	-15	-189	-42	-72	-5	-105	-23
Lending (b)	698	868	2282	199	-453	722	510	89	126	102	1110	944	-2119
Other	-6	26	-36	2	-7	-38	36	35	-23	22	29	-64	54
TOTAL DIRECT INVESTMENT	-1577	-2128	-1086	-483	-610	-508	-26	-984	-356	-1339	623	-14	-2728
PORTFOLIO AND OTHER INVESTMENT(a)-													
Corporate equities	-697	-2624	-3174	19	-319	-692	-945	-668	-525	-525	-829	-1295	-279
Lending -													
Banks (b)	-25	-318	-1352	397	-95	-64	-74	-85	-516	-275	-782	221	-473
Non-bank enterprises	-792	-943	671	217	-20	-625	96	-394	228	279	-54	218	-448
Total	-817	-1261	-681	614	-115	-689	22	-479	-288	4	-836	439	-921
Accounts receivable/prepayments made -													
Public sector	-634	-60	-6	-124	-24	-39	-73	76	-117	46	-28	93	1
Private sector	-445	-40	-86	-133	-13	-224	7	190	-35	-54	16	-13	-138
Total	-1079	-100	-92	-257	-37	-263	-66	266	-152	-8	-12	80	-137
TOTAL PORTFOLIO AND OTHER INVESTMENT	-2593	-3985	-3947	376	-471	-1644	-989	-881	-965	-529	-1677	-776	-1337
TOTAL AUSTRALIAN INVESTMENT ABROAD	-4170	-6113	-5033	-107	-1081	-2152	-1015	-1865	-1321	-1868	-1054	-790	-4065
TOTAL NON-OFFICIAL	6566	7230	8330	2321	1598	815	2930	1887	2932	2467	2427	504	12

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in the definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication. (b) A series break occurs for banks at 30 June 1986. See Appendix C, Part III of Foreign Investment, Australia, 1985-86 (5305.0) for details.

TABLE 19. NET BORROWING TRANSACTIONS OF THE NON-OFFICIAL SECTOR

\$MILLION

	YEAR			QUARTERS ENDED-									
	1984-85	1985-86	1986-87	1984-85	1985-86				1986-87				1987-88
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
DIRECT INVESTMENT BORROWING (a)-													
Domiciled abroad -													
Drawings	25207	38660	44114	6302	12870	7637	7737	10416	15488	18670	6562	3394	12751
Repayments	-24033	-38385	-42094	-5697	-12882	-8010	-7632	-9861	-15184	-17500	-6171	-3239	-12061
Total	1174	275	2020	605	-12	-373	105	555	304	1170	391	155	690
Domiciled in Australia	-	-	8	-	-	-	-	-	1	-13	14	6	44
TOTAL DIRECT INVESTMENT BORROWING	1174	275	2028	605	-12	-373	105	555	305	1157	405	161	734
OTHER BORROWING (a)-													
Domiciled abroad -													
Banks (b)-													
Drawings	9527	18090	21042	3175	3315	4120	3313	7342	6318	4756	5303	4665	2334
Repayments	-8119	-14292	-18024	-2828	-2265	-3932	-2160	-5935	-3356	-4339	-5250	-5079	-1510
Total	1408	3798	3018	347	1050	188	1153	1407	2962	417	53	-414	824
Non-bank enterprises -													
Drawings	32438	52868	72118	9701	11056	12973	14811	14028	16003	17731	20275	18109	16677
Repayments	-27145	-48011	-69117	-9637	-10242	-11194	-13041	-13534	-15055	-17016	-17872	-19174	-16459
Total	5293	4857	3001	64	814	1779	1770	494	948	715	2403	-1065	218
Total domiciled abroad	6701	8655	6019	411	1864	1967	2923	1901	3910	1132	2456	-1479	1042
Domiciled in Australia -													
Banks (b)-													
Securities	64	582	-217	16	84	60	263	175	37	7	-238	-23	-23
Deposits	211	-24	-85	106	29	-17	300	-336	-577	303	155	34	100
Total	275	558	-302	122	113	43	563	-161	-540	310	-83	11	77
Non-bank enterprises	426	784	-44	-114	107	77	338	262	-207	-79	83	159	108
Total domiciled in Australia	701	1342	-346	8	220	120	901	101	-747	231	-	170	185
of which -													
Public sector securities	435	385	84	-92	54	38	170	123	-78	-62	75	149	215
TOTAL OTHER BORROWING	7402	9997	5673	419	2084	2087	3824	2002	3163	1363	2456	-1309	1227
TOTAL BORROWING (c)	8576	10272	7701	1024	2072	1714	3929	2557	3468	2520	2861	-1148	1961

(a) From September quarter 1985, the entries are not strictly comparable with entries for previous periods because of the change in definition of direct investment. See Appendix B to the December quarter 1985 issue of this publication. (b) A series break occurs for banks at 30 June 1986. See Appendix C, Part III of Foreign Investment, Australia, 1985-86 (5305.0) for details. (c) Corresponds to the sum of direct investment borrowing and total portfolio and other investment borrowing in Table 18.

TABLE 20. OFFICIAL RESERVE ASSETS AND EXCHANGE RATES

	YEAR			QUARTERS ENDED									
	1984-85	1985-86	1986-87	1984-85	1985-86			1986-87			1987-88		
				JUN	SEP	DEC	MAR	JUN	SEP	DEC	MAR	JUN	SEP
OFFICIAL RESERVE ASSETS													
(\$ MILLION) -													
Levels at end of year/month	13517(b)	13024	17594	13517	12505	12216	12811	13024	12615	15561	13866	17594	19557
Changes in levels	(c)	-493	4570	388	-1012	-289	595	213	-409	2946	-1695	3728	1963
Of which -													
Changes due to effects of revaluations	(c)	1647	1176	983	-226	803	116	954	2381	-1124	-129	48	107
Changes included in the balance of payments (a)	-1520	-2140	3394	-595	-786	-1092	479	-741	-2790	4070	-1566	3680	1856
EXCHANGE RATES -													
UNITS OF FOREIGN CURRENCY, PER \$A -													
END OF YEAR/QUARTER (d) -													
United States dollar	0.6655	0.6772	0.7203	0.6655	0.7077	0.6809	0.7119	0.6772	0.6274	0.6648	0.7053	0.7203	0.7194
United Kingdom pound	0.5136	0.4414	0.4494	0.5136	0.5042	0.4732	0.4823	0.4414	0.4360	0.4525	0.4379	0.4494	0.4420
West German mark	2.030	1.485	1.319	2.030	1.891	1.672	1.659	1.485	1.267	1.295	1.269	1.319	1.324
Japanese yen	165.68	110.96	105.79	165.68	152.97	136.49	128.09	110.96	96.34	106.37	102.85	105.79	105.54
Special drawing right	0.6668	0.5781	0.5634	0.6668	0.6686	0.6214	0.6284	0.5781	0.5182	0.5448	0.5486	0.5634	0.5626
PERIOD AVERAGE (e) -													
United States dollar	0.7754	0.6999	0.6636	0.6667	0.6979	0.6874	0.7014	0.7130	0.6217	0.6475	0.6712	0.7142	0.7143
United Kingdom pound	0.6360	0.4866	0.4352	0.5302	0.5076	0.4789	0.4871	0.4727	0.4175	0.4527	0.4357	0.4350	0.4415
West German mark	2.381	1.753	1.280	2.056	1.988	1.777	1.646	1.602	1.298	1.299	1.235	1.290	1.313
Japanese yen	193.12	140.48	101.37	167.10	166.53	142.43	131.73	121.27	96.99	103.93	102.83	101.83	104.96
Special drawing right	0.7821	0.6387	0.5345	0.6718	0.6794	0.6376	0.6235	0.6141	0.5170	0.5369	0.5323	0.5518	0.5594
TRADE-WEIGHTED INDEX OF VALUE OF THE AUSTRALIAN DOLLAR (MAY 1970 = 100)													
End of year/quarter (d)	65.0	56.3	56.6	65.0	64.8	60.7	61.1	56.3	51.9	55.0	55.4	56.6	56.2
Period average (e)	75.5	62.3	53.8	65.6	66.3	61.9	60.9	60.0	51.4	54.1	54.0	55.6	56.1

(a) The entries carry the opposite sign to corresponding entries in Tables 1 and 4. See paragraph 5 of the Explanatory Notes. (b) From September 1984, figures for official reserve assets are not fully comparable with earlier data due to changes in the Reserve Bank's accounting procedures. (c) Not available. See footnote (b). (d) These exchange rates and index numbers relate to the last trading day of the reference period. (e) These exchange rates and index numbers are derived by averaging figures for each trading day.

