Trade Update: 2017-18

Sustaining Australia

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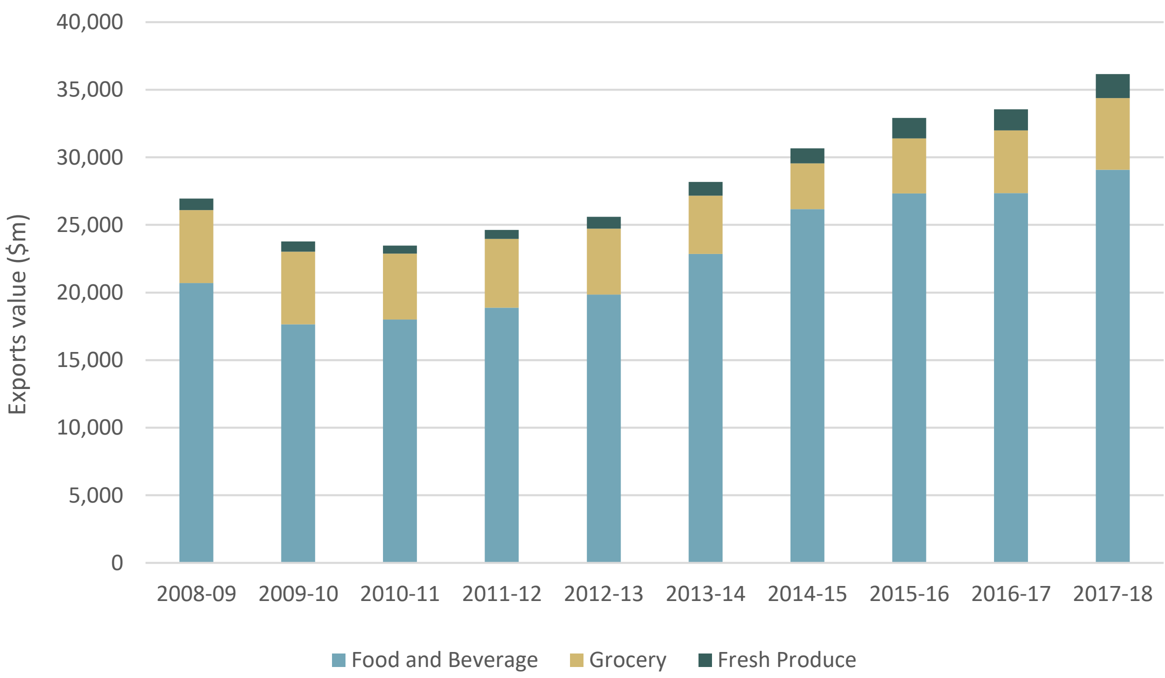
1 AFG trade

AFG total trade was $72.5 billion in 2017-18, an increase of 5.4 percent on 2016-17 results. The sector continued to see strengthening in exports across all three sub-sectors resulting in a reduction in net trade deficit to $242 million in 2017-18. China became Australia's top trading partner in 2017-18, with total two way trade of $10.2 billion driven largely by the increase in exports. The United States follows closely behind however with total two way trade of $10.1 billion.[1]

In 2017-18, the AFG sector experienced a strengthening of exports over and above that of imports with a narrowing of the sector's trade deficit. In trade value terms, sector exports totalled $36.1 billion while imports totalled $36.4 billion. This has resulted in a trade deficit of $242 million; a significant decrease from 2016-17 where the deficit was $1.7 billion.[2] Importantly, this deficit level is the lowest seen since 2007-08 where in that year, the sector experienced a small trade surplus of $268 million ($227 million in nominal terms). This narrowing of the deficit has been driven by the comparatively larger growth in exports relative to imports with respective growth rates of 7.7 percent and 3.1 percent.

Figure 1: AFG export value, real (2017-18), $ million

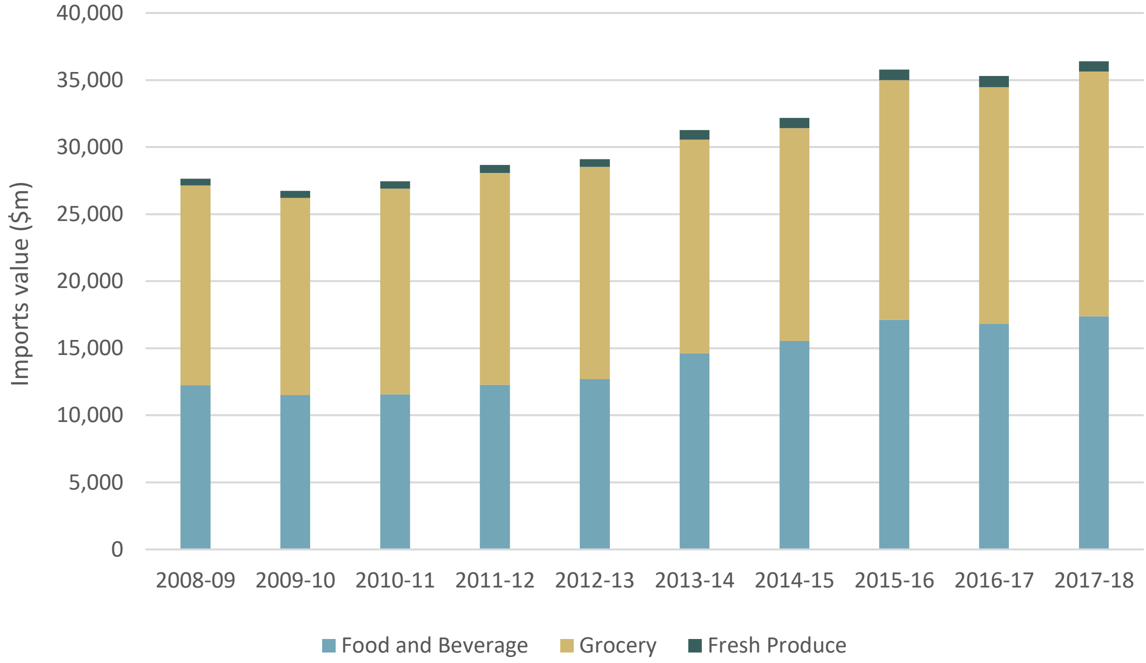


Source: Customised ABS Dataset

[1] All figures in Section 1 of this Trade Update are quoted in real 2017-18 Australian dollar terms. It should be noted that changes in exchange rates will impact the value of exports and imports. As such, care should be taken when considering trade volume in dollar terms as changes in the value of trade does not necessarily imply a commensurate change in the number of units of a particular good exported. Thus the volatility seen within some of the reported figures should be viewed accordingly.

[2] This is particularly significant given domestic price movements have been removed (i.e. these figures are in real terms).

Figure 2: AFG import value, real (2017-18), $ million

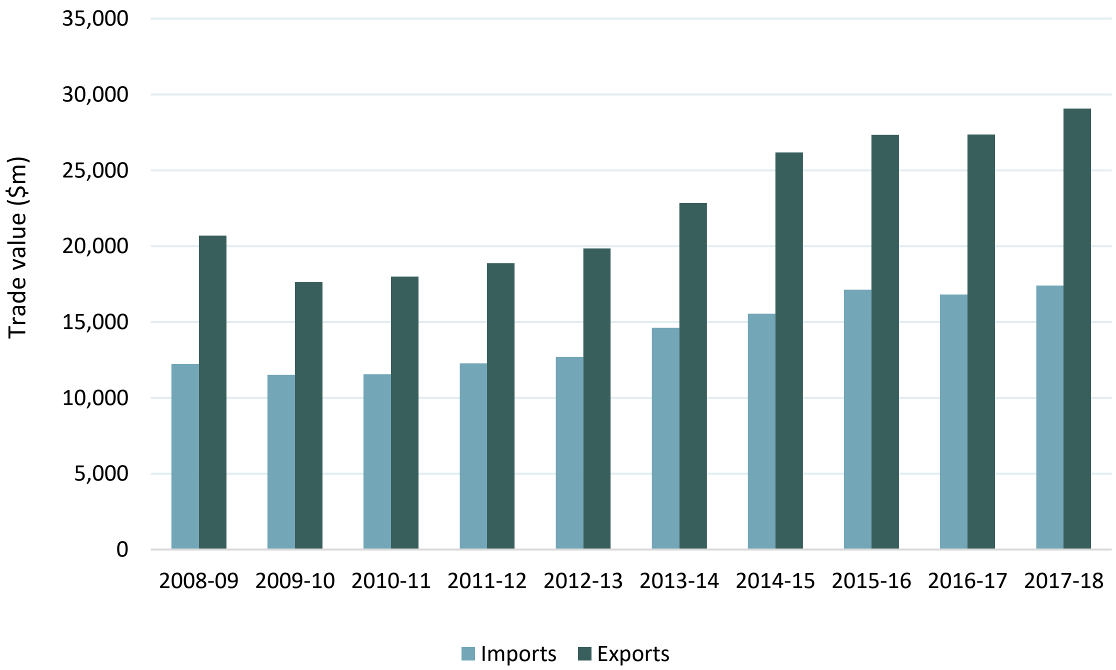


Source: Customised ABS Dataset

1.1 Sub-sector exports and imports

The AFG sector continued to demonstrate its strength as a key Australian exporter in 2017-18. The growth in exports has been predominantly driven by the Food and Beverage Product manufacturing sub-sector with an export trade value of $29.1 billion, an increase of 6.3 percent. The sub-sector's imports also grew slightly by 3.5 percent to $17.4 billion. This stronger growth in exports relative to imports has resulted in the Food and Beverage Product manufacturing sub-sector experiencing a growing trade surplus, reaching $11.7 billion in 2017-18 and up 10.7 percent from 2016-17.

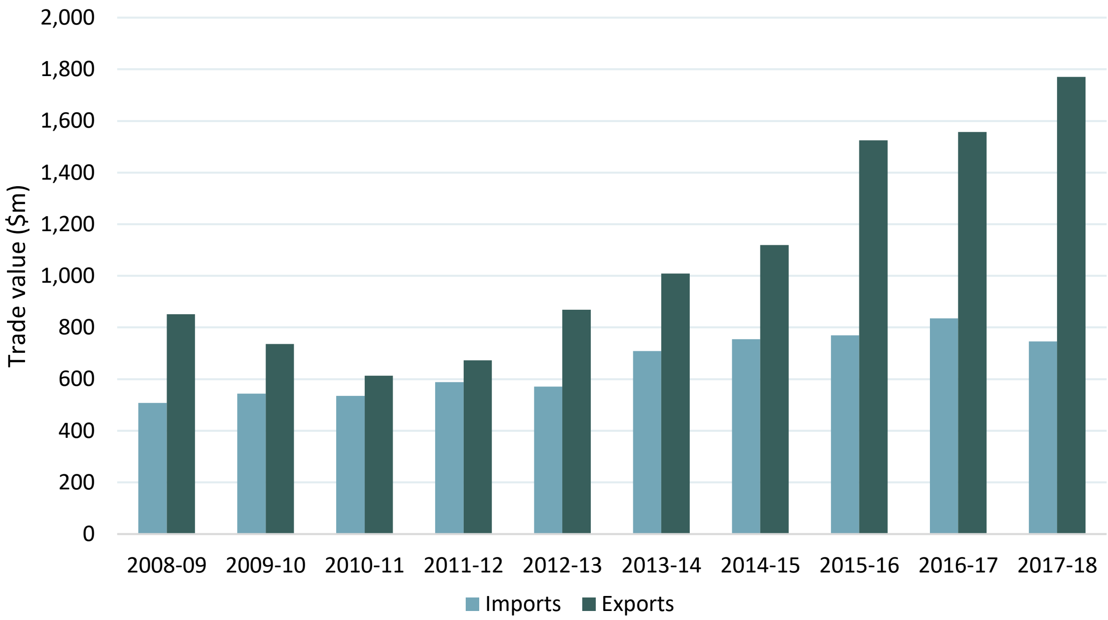
Figure 3: Food and Beverage Product Manufacturing trade value, real (2017-18), $ million



Source: Customised ABS Dataset

Similarly, the Fresh Produce sub-sector saw a strengthening in exports at $1.8 billion (an increase of 13.7 percent), relative to imports at $746 million (a decrease of 10.7 percent). This has resulted in the sub-sector's trade surplus expanding from $722 million in 2016-17 to just over $1.0 billion in 2017-18, an increase of 42.0 percent. As per Figure 4 below, exports have continued the trend of increasing since 2010-11 while imports have fallen for the first year since 2012-13.

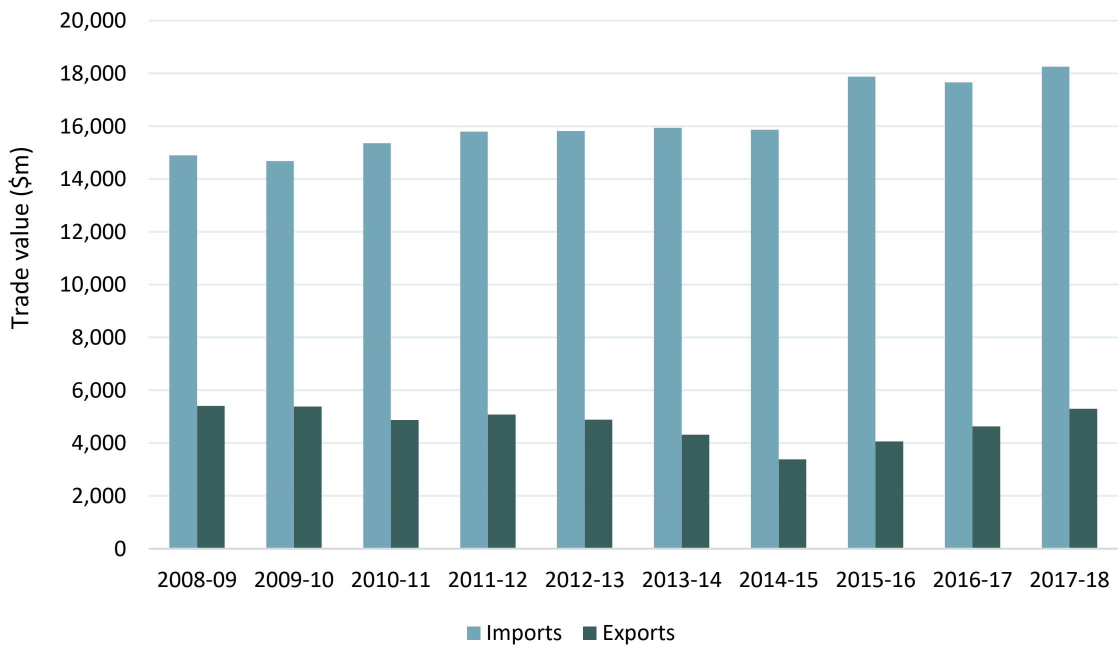
Figure 4: Fresh Produce trade value, real (2017-18), $ million



Source: Customised ABS Dataset

The Grocery sub-sector continues to be a strong net importer, with a trade deficit of $13.0 billion, down 0.5 percent from 2016-17. This deficit is the result of Grocery sub-sector exports being significantly below imports, at $5.3 billion and $18.3 billion respectively. When compared to 2016-17 results, both exports and imports have grown at 14.3 percent and 3.4 percent respectively.

Figure 5: Grocery trade value, real (2017-18), $ million



Source: Customised ABS Dataset

1.2 Manufacturing comparison

AFG exports as a share of manufacturing exports has been steadily rising over the last decade, increasing from 29 percent in 2008-09 to nearly 33 percent in 2017-18. For the 2017-18 year, the AFG sector grew its share of manufacturing exports by 0.3 percent from 2016-17. This growth continues to demonstrate the importance of the AFG sector to the Manufacturing sector more broadly. Food and grocery products constitutes significantly less to total manufacturing imports. The sector's share of total manufacturing imports in 2017-18 was 13.4 percent, a full 1.1 percent decline from 2016-17 (when the share was 14.5 percent) and the lowest share seen in the last ten years.

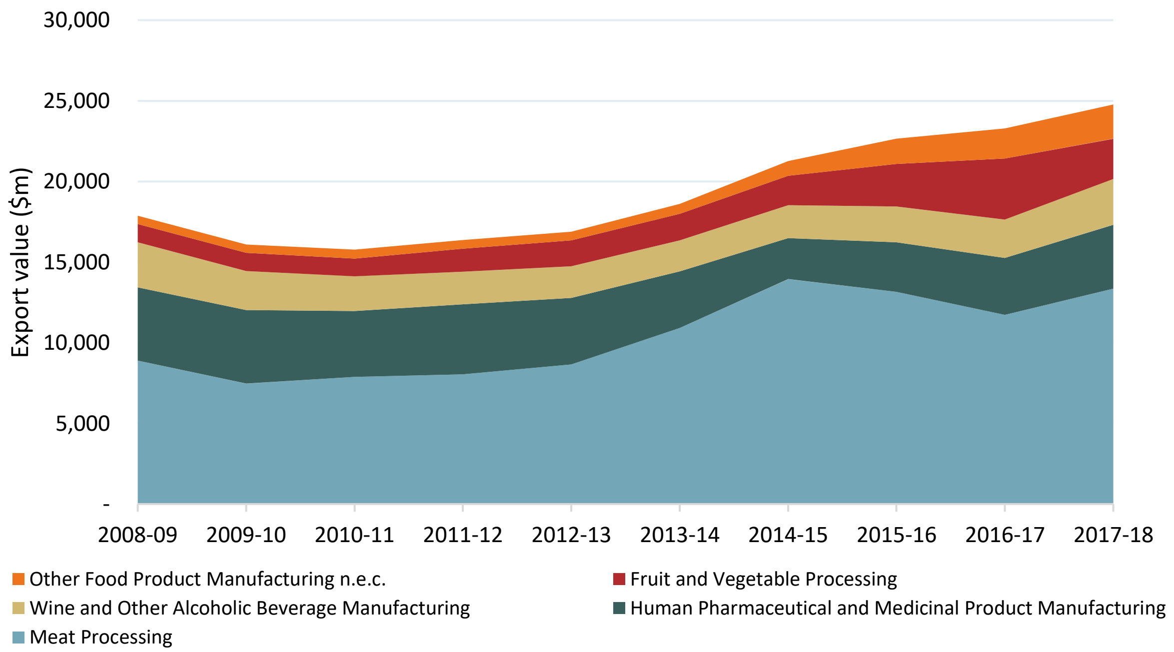
1.3 Export driven industries

For 2017-18, the top ten industries in terms of export value were consistent with 2016-17. Meat Processing remained the top industry in terms of export trade value with the industry recording a total export value of $13.4 billion, an increase of 13.9 percent or $1.6 billion. The Meat Processing industry has recovered from the decline in exports in 2016-17 of $1.4 billion and has been predominantly driven by large growth in demand from China ($633 million, an increase of 52.9 percent), the USA ($241 million, an increase of 9.6 percent) and Japan ($226 million, an increase of 9.8 percent). The consequence of this trade level is that the Meat Processing industry has dominated AFG sector exports for over a decade.

The second largest industry in terms of export trade value was the Human Pharmaceutical and Medicinal Product manufacturing industry with a total of $3.9 billion in exports in 2017-18, an increase of 12.0 percent. Other notable industries or movements in the top 10 export markets by trade value were:

- Wine and Other Alcoholic Beverage manufacturing: This industry rose from fourth largest industry in 2016-17 to third largest from 2016-17 to 2017-18 with $2.8 billion in exports, a growth of $470 million or 19.8 percent. A driver of this growth was China with an increase in demand of $387 million (or 64.8 percent) compared to 2016-17 and total demand of $983 million.
- Fruit and Vegetable Processing: This industry experienced a $1.3 billion or 34.6 percent decline in exports from 2016-17 to 2017-18. The industry finished the year with a recorded value of $2.5 billion in exports. The decline has been predominantly driven by India and Pakistan which reduced their demand by $721 million (49.6 percent) and $333 million (70.1 percent) respectively.

Figure 6: AFG Top 5 industries by export value, real (2017-18), $ million



Source: Customised ABS Dataset

In terms of percentage changes in export values, significant growth was experienced in a number of the smaller AFG industries as highlighted in the below table.

Table 1: Largest percentage change in export value, top 5, real (2017-18), $ million

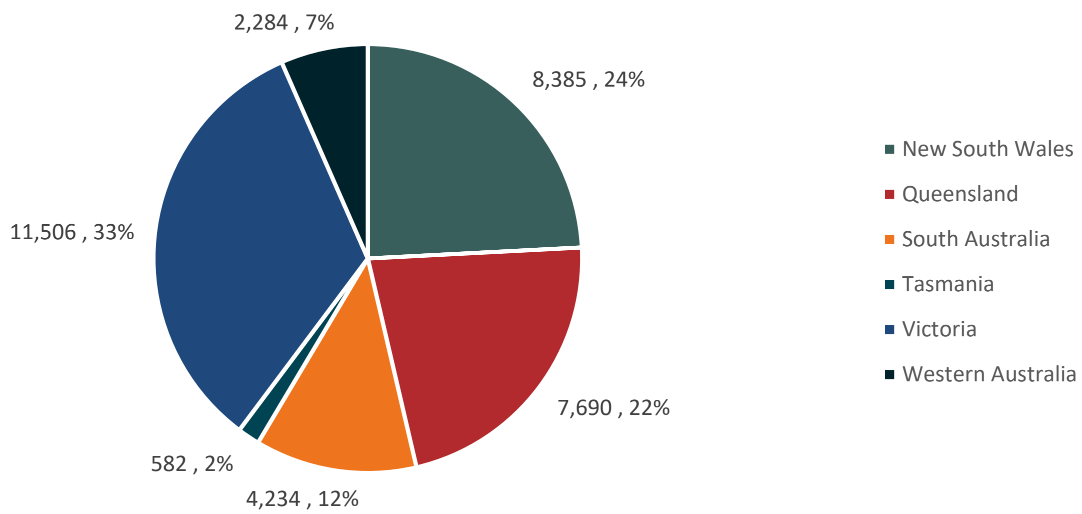
Industry	2016-17	2017-18	Change
	$m	$m	%
Poultry Farming (eggs)	6	15	155.4
Stone Fruit growing	95	127	34.3
Citrus Fruit growing	336	441	31.2
Cosmetic and Toiletry Preparation Manufacturing	684	885	29.3
Apple and Pear Growing	25	31	23.5

Source: Customised ABS Dataset

1.4 State Exports[3]

Victoria and New South Wales remain the industry's top two exporting states when total AFG sector exports are considered. When each sub-sector is examined in isolation however, this is only the case for the Grocery sub-sector with both the Food and Beverage and the Fresh Produce sub-sectors seeing Queensland (as opposed to New South Wales as the second largest exporting state. In terms of total AFG sector exports, the share attributable to each state has remained consistent with 2016-17 indicating that all states have largely shared, or contributed to, the general growth of AFG exports.

Figure 7: States of AFG export origins 2017-18, real (2017-18), $ million



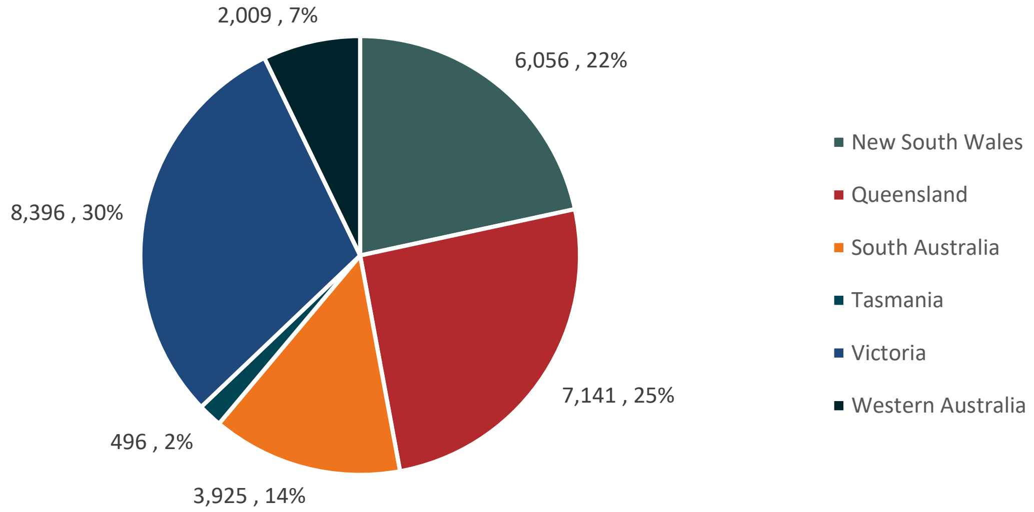
Source: Customised ABS Dataset

The following three figures (Figures 10, 11 and 12) provide the relative share each state holds in terms of exports for each of the three sub-sectors. From the data, it can be seen that:

[3] Totals at the State and Territory level do not align with totals at the national level due to ABS redactions. Specifically, due to confidentiality and identification issues, some data points for certain jurisdictions are not made available by the ABS and thus the totals provided in this section are slightly below that of the totals reported in prior sections.

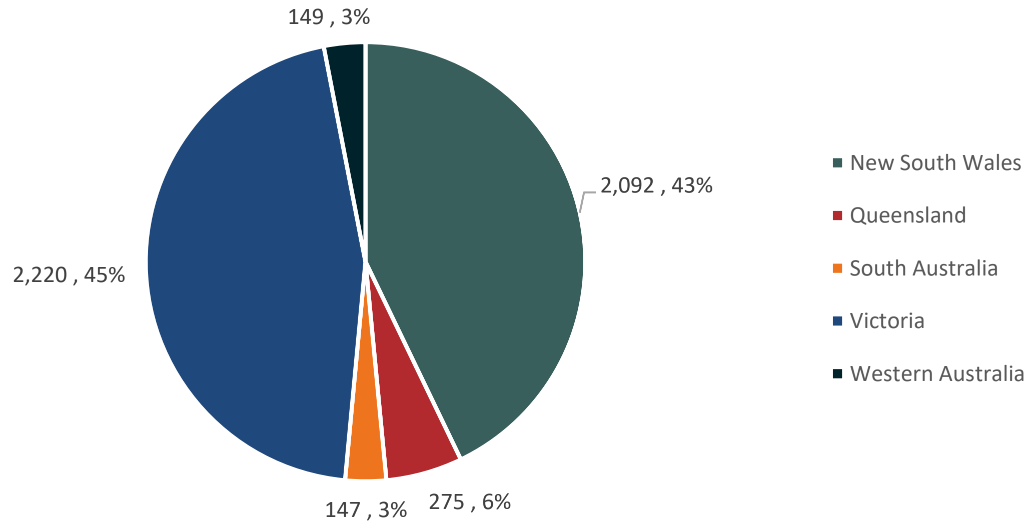
- Victoria is the largest exporter in the Food and Beverage sector with 30 percent ($8.4 billion), followed by Queensland with 25 percent ($7.1 billion).
- Victoria is the largest exporter of Grocery Products with 45 percent ($2.2 billion) of the industry's total Grocery sub-sector export, having overtaken New South Wales. New South Wales follows as a close second with 43 percent ($2.1 billion) of exports. Combined, the two account for near 90 percent of total Australian Grocery sub-sector exports.
- Victoria remains the dominant exporter of Fresh Produce being responsible for 51 per cent ($890 million) of the Fresh Produce sub-sectors exports. Queensland is the second largest exporter of Fresh Produce with 16 percent ($274 million).

Figure 8: States of Food and Beverage export origins, real (2017-18), $ million



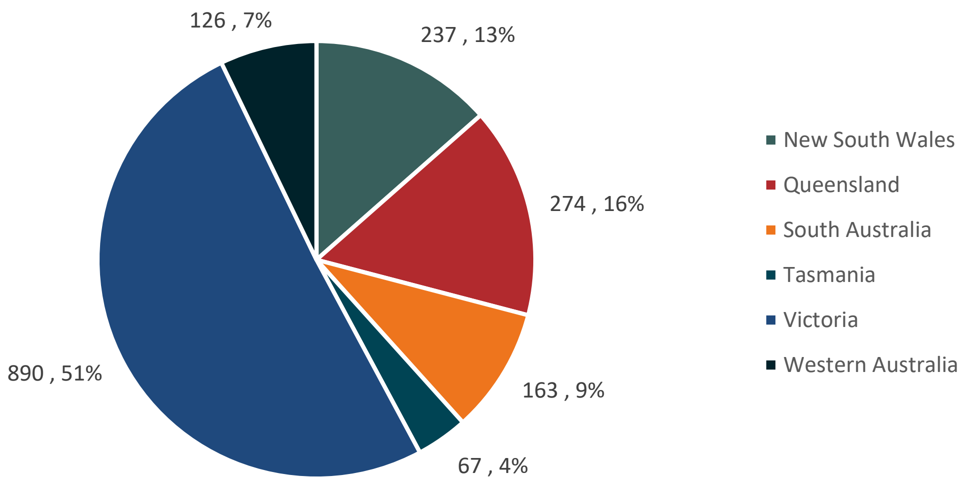
Source: Customised ABS Dataset

Figure 9: States of Grocery export origins, real (2017-18), $ million



Source: Customised ABS Dataset

Figure 10: States of Fresh Produce export origins, real (2017-18), $ million



Source: Customised ABS Dataset

Examining export destination data, China is the top export destination country for New South Wales, Victoria, Western Australia and South Australia but in other states fails to make the top three. Meanwhile, the United States holds a top three position in all states except for Western Australia and takes the top position in the Northern Territory. Turning to industry, Meat Processing is the dominant industry across all states taking top position in all barring South Australia which saw Wine and Other Alcoholic Beverage Manufacturing take the top position.

Table 2: Top three export destinations, by State[4], real (2017-18), $ million

State	Export Destination Country	Export Value
		$m
New South Wales	China (excluding SARs and Taiwan)	2,475
	United States of America	1,054
	New Zealand	906
Victoria	China (excluding SARs and Taiwan)	2,300
	United States of America	1,830
	Japan	1,097
Queensland	Japan	1,616
	Republic of Korea	1,017
	United States of America	1,006
Western Australia	China (excluding SARs and Taiwan)	583
	Viet Nam	288
	Japan	173
South Australia	China (excluding SARs and Taiwan)	1,023
	United States of America	646
	United Kingdom	306
Northern Territory	United States of America	26
	Indonesia	12
	Korea, Republic of	9

4 Due to ABS data reporting standards, the Australian Capital Territory had no available data at this level for analysis.

Tasmania	Japan	128
	United States of America	105
	New Zealand	70

Source: Customised ABS Dataset

Table 3: Top three export industries, by State[5], real (2017-18), $ million

State	Industry	Export Value
		$m
New South Wales	Meat Processing	2,503
	Human Pharmaceutical and Medicinal Product Manufacturing	1,553
	Other Food Product Manufacturing n.e.c.	967
Victoria	Meat Processing	3,296
	Human Pharmaceutical and Medicinal Product Manufacturing	1,754
	Cheese and Other Dairy Product Manufacturing	1,706
Queensland	Meat Processing	5,400
	Fruit and Vegetable Processing	947
	Other Food Product Manufacturing n.e.c.	299
Western Australia	Meat Processing	735
	Seafood Processing	543
	Prepared Animal and Bird Feed Manufacturing	230
South Australia	Wine and Other Alcoholic Beverage Manufacturing	1,855
	Meat Processing	1,112
	Fruit and Vegetable Processing	483
Northern Territory	Meat Processing	58
	Prepared Animal and Bird Feed Manufacturing	12
	Other Fruit and Tree Nut Growing	6
Tasmania	Meat Processing	256
	Cheese and Other Dairy Product Manufacturing	102
	Confectionery Manufacturing	50

Source: Customised ABS Dataset

1.5 Import driven industries

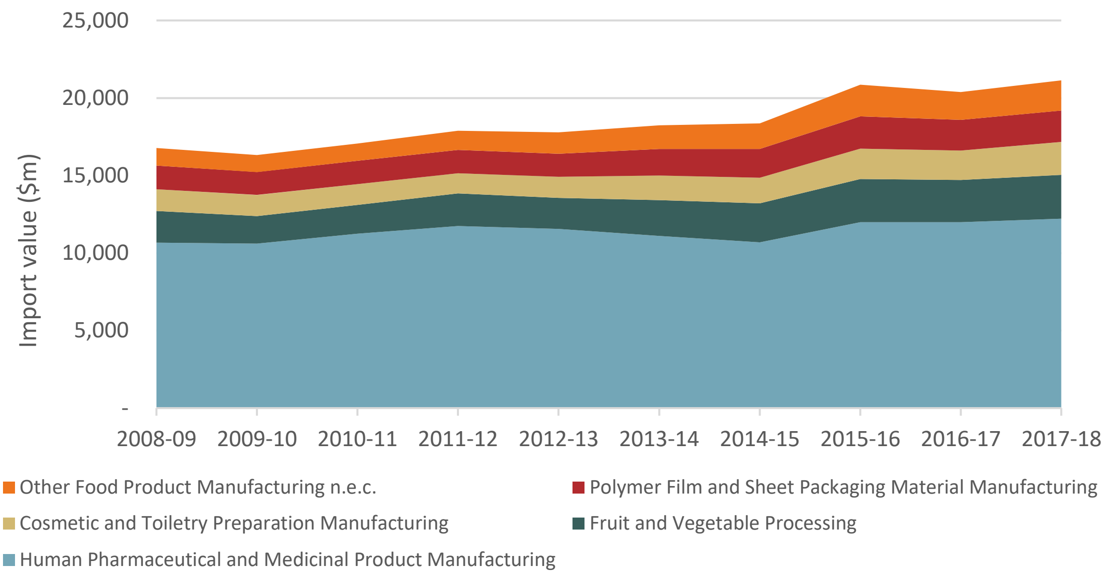
All top 10 import industries from 2016-17 remained for 2017-18. For 2017-18, Human Pharmaceutical and Medicinal Product manufacturing remained the top importing industry recording total imports of $12.2 billion, an increase of $222 million or 1.8 percent. This is a return to growth after remaining relatively constant in 2016-17 with changes seen in imports from Ireland which dropped by $418 million (29.9 percent) and the United States where imports increased by $354 million (19.2 percent).

The second largest industry in terms of import trade value (and again consistent with 2016-17) was the Fruit and Vegetable Processing industry with a total of $2.8 billion in imports in 2017-18. This was an increase of 3.7 percent on the prior year and was a divergence from 2016-17 where the industry saw a decrease in imports by 1.7 percent.

[5] Due to ABS data reporting standards, the Australian Capital Territory had no available data at this level for analysis.

Similarly, as was found for exports, AFG imports is heavily influenced by one dominant industry with the Human Pharmaceutical and Medicinal Product industry constituting 33.6 percent of all AFG imports. This is followed by Fruit and Vegetable Processing which makes up a smaller 7.7 percent of the total imports.

Figure 11: AFG Top 5 industries by import value, real (2017-18), $ million



Source: Customised ABS Dataset

In terms of import trade growth in value terms, the top industry for 2017-18 was the Cosmetic and Toiletry Preparation manufacturing where imports grew $241 million to $2.1 billion in 2017-18, a 12.8 percent increase. A key source of this growth was the increase in imports from France, increasing $66 million or 17.8 percent. When considering percentage changes in import value, the top five industries for 2017-18 are highlighted in the below table.

Table 4: Largest percentage change in import value, top 5, real (2017-18), $ million

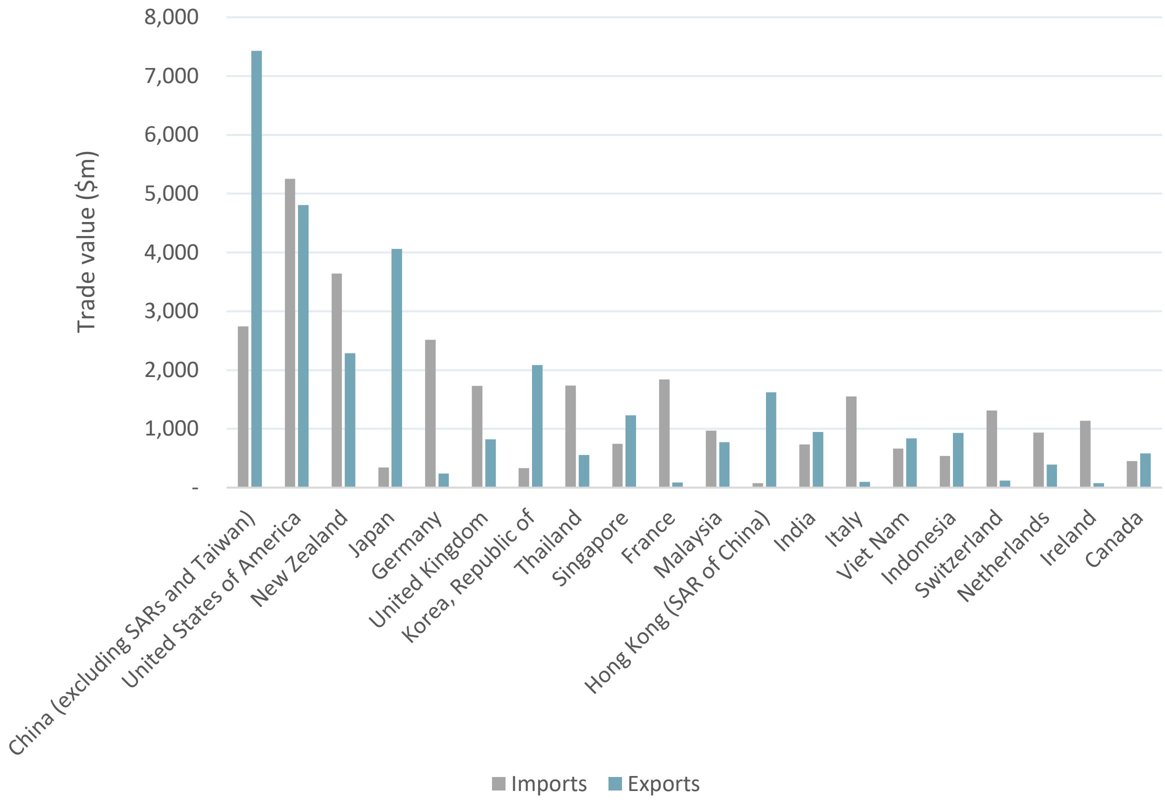
Industry	2016-17	2017-18	Change
	$m	$m	%
Bread manufacturing (factory based)	49	74	52.3
Ice cream manufacturing	80	98	23.5
Grain mill product manufacturing	772	940	21.8
Cheese and Other Dairy Product Manufacturing	1,186	1,397	17.8
Cereal, Pasta and Baking Mix Manufacturing	424	485	14.2

Source: Customised ABS Dataset

1.6 Trade relationships

As in prior years, China, the USA, New Zealand and Japan are key trading partners of the AFG sector, with China and Japan being net importers of Australian AFG products, and the USA and New Zealand being net exporters to Australia. There has been some movement in the top 10 trade partners by trade value for AFG products between 2016-17 and 2017-18. Notably, China has overtaken USA as Australia's top trading partner in terms of total trade (total exports and imports). The USA follows in close second position and continues to be the most balanced trade partner and the largest supplier of AFG products to Australia. In addition, France became the tenth largest trading partner with India moving to thirteenth place.

Figure 12: 2017-18 Top 20 Trade Partners, imports to Australia, exports from Australia, real (2017-18), $ million



Source: Customised ABS Dataset

Table 5: Top 10 Trade Partners, imports to Australia, exports from Australia, real (2017-18), $ million

Top trade partners	Rank 2018	Rank 2017	Imports 2017-18	Exports 2017-18
			$m	$m
China (excluding SARs and Taiwan)	1	2	2,746	7,427
United States of America	2	1	5,252	4,808
New Zealand	3	3	3,641	2,286
Japan	4	4	341	4,060
Germany	5	5	2,516	239
United Kingdom	6	7	1,732	824
Korea, Republic of	7	6	333	2,086
Thailand	8	10	1,737	556
Singapore	9	9	743	1,232
France	10	12	1,838	86
Total			**20,879**	**23,602**

Source: Customised ABS Dataset

2 Data

Table 6: Trade summary, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
Exports	**$m**	**$m**	**$m**	**$m**	**$m**
Food and Beverage Product	22,851	26,174	27,335	27,362	29,081
Grocery	4,313	3,385	4,059	4,636	5,298
Fresh Produce	1,009	1,120	1,525	1,557	1,770
Total	**28,174**	**30,679**	**32,919**	**33,555**	**36,149**
Imports	**$m**	**$m**	**$m**	**$m**	**$m**
Food and Beverage Product	14,619	15,547	17,121	16,803	17,394
Grocery	15,947	15,871	17,879	17,657	18,252
Fresh Produce	708	754	770	835	746
Total	**31,275**	**32,173**	**35,770**	**35,296**	**36,391**
Trade Deficit	3,101	1,494	2,850	1,740	242

Table 7: Trade summary, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
Exports	**$m**	**$m**	**$m**	**$m**	**$m**
Food and Beverage Product	21,967	25,685	26,881	27,341	29,081
Grocery	4,146	3,322	3,992	4,633	5,298
Fresh Produce	970	1,099	1,499	1,555	1,770
Total	**27,084**	**30,106**	**32,372**	**33,530**	**36,149**
Imports	**$m**	**$m**	**$m**	**$m**	**$m**
Food and Beverage Product	14,054	15,257	16,837	16,790	17,394
Grocery	15,330	15,575	17,582	17,644	18,252
Fresh Produce	681	740	757	835	746
Total	**30,064**	**31,572**	**35,175**	**35,269**	**36,391**
Trade Deficit	2,981	1,466	2,803	1,739	242

Table 8: Exports, by Food and Beverage Product Manufacturing industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Beer Manufacturing	24	24	31	37	39
Biscuit Manufacturing (Factory based)	86	87	88	106	102
Bread Manufacturing (Factory based)	97	95	97	99	118
Cake and Pastry Manufacturing (Factory based)	21	20	20	22	25
Cereal, Pasta and Baking Mix Manufacturing	130	145	163	171	196
Cheese and Other Dairy Product Manufacturing	2,621	2,251	2,028	1,901	2,053
Confectionery Manufacturing	294	290	316	311	318
Cured Meat and Smallgoods Manufacturing	31	31	30	33	34
Fruit and Vegetable Processing	1,641	1,824	2,639	3,793	2,482
Grain Mill Product Manufacturing	1,658	1,556	1,749	1,650	2,028
Ice Cream Manufacturing	23	24	25	29	33
Meat Processing	10,919	13,941	13,158	11,732	13,362
Milk and Cream Processing	208	264	334	328	374
Oil and Fat Manufacturing	392	377	403	415	416
Other Food Product Manufacturing n.e.c.	617	911	1,567	1,864	2,129
Poultry Processing	113	131	116	118	127
Prepared Animal and Bird Feed Manufacturing	843	835	930	949	901
Seafood Processing	897	985	1,029	970	1,053
Soft Drink, Cordial and Syrup Manufacturing	53	61	76	83	70
Spirit Manufacturing	199	227	218	248	277
Sugar Manufacturing	61	65	89	125	94
Wine and Other Alcoholic Beverage Manufacturing	1,927	2,028	2,231	2,379	2,849
Total	**22,851**	**26,174**	**27,335**	**27,362**	**29,081**

Table 9: Exports, by Food and Beverage Product Manufacturing industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Beer Manufacturing	23	24	31	37	39
Biscuit Manufacturing (Factory based)	83	86	87	106	102
Bread Manufacturing (Factory based)	93	94	95	99	118
Cake and Pastry Manufacturing (Factory based)	20	19	19	22	25
Cereal, Pasta and Baking Mix Manufacturing	125	142	160	171	196
Cheese and Other Dairy Product Manufacturing	2,519	2,209	1,994	1,899	2,053
Confectionery Manufacturing	283	285	311	310	318
Cured Meat and Smallgoods Manufacturing	30	31	29	33	34
Fruit and Vegetable Processing	1,577	1,790	2,595	3,790	2,482
Grain Mill Product Manufacturing	1,593	1,527	1,720	1,648	2,028
Ice Cream Manufacturing	22	24	25	29	33
Meat Processing	10,496	13,681	12,939	11,723	13,362
Milk and Cream Processing	200	259	329	328	374
Oil and Fat Manufacturing	377	370	396	415	416
Other Food Product Manufacturing n.e.c.	593	894	1,541	1,863	2,129
Poultry Processing	108	129	114	118	127
Prepared Animal and Bird Feed Manufacturing	810	820	915	948	901
Seafood Processing	862	966	1,012	969	1,053
Soft Drink, Cordial and Syrup Manufacturing	51	59	75	83	70
Spirit Manufacturing	191	223	214	248	277
Sugar Manufacturing	59	64	87	125	94
Wine and Other Alcoholic Beverage Manufacturing	1,853	1,991	2,194	2,378	2,849
Total	**21,967**	**25,685**	**26,881**	**27,341**	**29,081**

Table 10: Exports, by Grocery industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Human Pharmaceutical and Medicinal Product Manufacturing	3,506	2,551	3,065	3,524	3,948
Cosmetic and Toiletry Preparation Manufacturing	490	477	566	684	885
Cleaning Compound Manufacturing	145	168	236	238	294
Polymer Film and Sheet Packaging Material Manufacturing	93	107	120	121	125
Sanitary Paper Product Manufacturing	79	82	72	69	46
Total	**4,313**	**3,385**	**4,059**	**4,636**	**5,298**

Table 11: Exports, by Grocery industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Human Pharmaceutical and Medicinal Product Manufacturing	3,370	2,503	3,014	3,522	3,948
Cosmetic and Toiletry Preparation Manufacturing	471	468	557	683	885
Cleaning Compound Manufacturing	139	165	233	238	294
Polymer Film and Sheet Packaging Material Manufacturing	90	105	118	121	125
Sanitary Paper Product Manufacturing	76	80	70	69	46
Total	**4,146**	**3,322**	**3,992**	**4,633**	**5,298**

Table 12: Exports, by Fresh Produce industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Apple and Pear Growing	16	19	35	25	31
Berry Fruit Growing	3	2	5	9	4
Citrus Fruit Growing	209	212	303	336	441
Grape Growing	247	256	394	392	404
Kiwifruit Growing	2	3	4	3	4
Mushroom Growing	7	7	9	10	12
Other Fruit and Tree Nut Growing	228	298	352	379	415
Poultry Farming (Eggs)	2	3	3	6	15
Stone Fruit Growing	82	88	126	95	127
Vegetable Growing (Outdoors)	214	232	293	302	318
Vegetable Growing (Under Cover)	-	-	-	-	-
Total	**1,009**	**1,120**	**1,525**	**1,557**	**1,770**

Table 13: Exports, by Fresh Produce industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Apple and Pear Growing	15	18	34	25	31
Berry Fruit Growing	3	2	5	9	4
Citrus Fruit Growing	201	208	298	336	441
Grape Growing	237	251	387	392	404
Kiwifruit Growing	2	3	4	3	4
Mushroom Growing	7	7	9	10	12
Other Fruit and Tree Nut Growing	219	293	346	379	415
Poultry Farming (Eggs)	2	3	3	6	15
Stone Fruit Growing	79	87	124	95	127
Vegetable Growing (Outdoors)	206	227	288	302	318
Vegetable Growing (Under Cover)	-	-	-	-	-
Total	**970**	**1,099**	**1,499**	**1,555**	**1,770**

Table 14: Imports, by Food and Beverage Product Manufacturing industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Beer Manufacturing	407	426	477	460	443
Biscuit Manufacturing (Factory based)	296	286	322	286	309
Bread Manufacturing (Factory based)	46	47	54	49	74
Cake and Pastry Manufacturing (Factory based)	388	409	466	480	541
Cereal, Pasta and Baking Mix Manufacturing	352	382	443	424	485
Cheese and Other Dairy Product Manufacturing	882	907	1,000	1,186	1,397
Confectionery Manufacturing	1,045	1,147	1,315	1,205	1,216
Cured Meat and Smallgoods Manufacturing	51	59	68	73	73
Fruit and Vegetable Processing	2,308	2,520	2,765	2,719	2,820
Grain Mill Product Manufacturing	530	628	805	772	940
Ice Cream Manufacturing	76	64	78	80	98
Meat Processing	652	787	770	771	794
Milk and Cream Processing	43	43	44	44	32
Oil and Fat Manufacturing	1,065	1,150	1,220	1,213	1,198
Other Food Product Manufacturing n.e.c.	1,520	1,650	2,048	1,805	1,946
Poultry Processing	69	67	75	64	59
Prepared Animal and Bird Feed Manufacturing	458	501	564	607	638
Seafood Processing	1,770	1,725	1,746	1,826	1,888
Soft Drink, Cordial and Syrup Manufacturing	1,087	1,166	1,167	1,076	694
Spirit Manufacturing	650	665	740	723	772
Sugar Manufacturing	115	131	101	122	90
Wine and Other Alcoholic Beverage Manufacturing	812	786	852	819	887
Total	**14,619**	**15,547**	**17,121**	**16,803**	**17,394**

Table 15: Imports, by Food and Beverage Product Manufacturing industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Beer Manufacturing	391	418	469	459	443
Biscuit Manufacturing (Factory based)	285	281	316	285	309
Bread Manufacturing (Factory based)	44	46	53	49	74
Cake and Pastry Manufacturing (Factory based)	373	401	459	480	541
Cereal, Pasta and Baking Mix Manufacturing	338	375	435	424	485
Cheese and Other Dairy Product Manufacturing	847	890	984	1,185	1,397
Confectionery Manufacturing	1,005	1,126	1,293	1,204	1,216
Cured Meat and Smallgoods Manufacturing	49	58	67	73	73
Fruit and Vegetable Processing	2,218	2,473	2,719	2,717	2,820
Grain Mill Product Manufacturing	509	616	792	771	940
Ice Cream Manufacturing	73	63	77	79	98
Meat Processing	627	772	757	770	794
Milk and Cream Processing	42	42	43	44	32
Oil and Fat Manufacturing	1,024	1,128	1,200	1,212	1,198
Other Food Product Manufacturing n.e.c.	1,461	1,619	2,014	1,803	1,946
Poultry Processing	66	65	74	64	59
Prepared Animal and Bird Feed Manufacturing	440	492	555	607	638
Seafood Processing	1,702	1,693	1,717	1,825	1,888
Soft Drink, Cordial and Syrup Manufacturing	1,045	1,145	1,148	1,075	694
Spirit Manufacturing	625	653	728	722	772
Sugar Manufacturing	110	128	99	122	90
Wine and Other Alcoholic Beverage Manufacturing	780	771	838	818	887
Total	**14,054**	**15,257**	**16,837**	**16,790**	**17,394**

Table 16: Imports, by Grocery industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Human Pharmaceutical and Medicinal Product Manufacturing	11,102	10,686	11,999	11,996	12,218
Cosmetic and Toiletry Preparation Manufacturing	1,590	1,652	1,976	1,884	2,125
Cleaning Compound Manufacturing	973	1,042	1,117	1,109	1,180
Polymer Film and Sheet Packaging Material Manufacturing	1,710	1,857	2,069	1,983	2,028
Sanitary Paper Product Manufacturing	572	634	718	685	702
Total	**15,947**	**15,871**	**17,879**	**17,657**	**18,252**

Table 17: Imports, by Grocery industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Human Pharmaceutical and Medicinal Product Manufacturing	10,672	10,486	11,800	11,987	12,218
Cosmetic and Toiletry Preparation Manufacturing	1,528	1,621	1,943	1,883	2,125
Cleaning Compound Manufacturing	936	1,023	1,098	1,108	1,180
Polymer Film and Sheet Packaging Material Manufacturing	1,644	1,823	2,034	1,982	2,028
Sanitary Paper Product Manufacturing	549	622	706	684	702
Total	**15,330**	**15,575**	**17,582**	**17,644**	**18,252**

Table 18: Imports, by Fresh Produce industry, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Apple and Pear Growing	4	6	5	6	6
Berry Fruit Growing	22	21	34	30	32
Citrus Fruit Growing	63	70	64	80	62
Grape Growing	138	136	132	122	126
Kiwifruit Growing	47	56	57	55	59
Mushroom Growing	19	21	27	28	31
Other Fruit and Tree Nut Growing	185	198	187	233	183
Poultry Farming (Eggs)	2	2	4	4	3
Stone Fruit Growing	65	58	61	54	49
Vegetable Growing (Outdoors)	164	186	199	223	194
Vegetable Growing (Under Cover)	-	-	-	-	-
Total	**708**	**754**	**770**	**835**	**746**

Table 19: Imports, by Fresh Produce industry, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Apple and Pear Growing	3	6	4	6	6
Berry Fruit Growing	21	21	33	30	32
Citrus Fruit Growing	61	69	63	79	62
Grape Growing	133	134	130	122	126
Kiwifruit Growing	45	55	56	55	59
Mushroom Growing	18	21	27	28	31
Other Fruit and Tree Nut Growing	177	194	184	233	183
Poultry Farming (Eggs)	2	1	4	4	3
Stone Fruit Growing	62	57	60	54	49
Vegetable Growing (Outdoors)	158	182	196	223	194
Vegetable Growing (Under Cover)	-	-	-	-	-
Total	**681**	**740**	**757**	**835**	**746**

Table 20: Food and Beverage Product Manufacturing Exports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	3,968	4,849	5,378	5,540	6,056
Northern Territory	11	25	84	76	71
Queensland	5,822	7,164	7,434	7,380	7,141
South Australia	2,996	3,453	3,564	3,819	3,925
Tasmania	492	480	516	480	496
Victoria	7,266	7,648	7,486	7,314	8,396
Western Australia	1,504	1,672	1,772	1,810	2,009
Total	**22,059**	**25,291**	**26,233**	**26,418**	**28,094**

Table 21: Food and Beverage Product Manufacturing Exports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	3,814	4,758	5,289	5,536	6,056
Northern Territory	10	25	82	76	71
Queensland	5,597	7,030	7,311	7,374	7,141
South Australia	2,880	3,389	3,504	3,816	3,925
Tasmania	473	471	508	480	496
Victoria	6,985	7,505	7,361	7,308	8,396
Western Australia	1,446	1,641	1,742	1,808	2,009
Total	**21,205**	**24,818**	**25,798**	**26,398**	**28,094**

Table 22: Grocery Exports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	937	921	1,537	1,864	2,092
Northern Territory	0	0	1	1	1
Queensland	191	201	184	195	275
South Australia	145	107	173	149	147
Tasmania	6	11	7	7	18
Victoria	999	961	1,344	1,786	2,220
Western Australia	60	58	78	118	149
Total	**2,338**	**2,260**	**3,324**	**4,120**	**4,901**

Table 23: Grocery Exports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	901	904	1,511	1,862	2,092
Northern Territory	0	0	1	1	1
Queensland	183	197	181	195	275
South Australia	140	105	170	149	147
Tasmania	6	11	7	7	18
Victoria	960	943	1,321	1,785	2,220
Western Australia	58	57	77	118	149
Total	**2,248**	**2,217**	**3,269**	**4,116**	**4,901**

Table 24: Fresh Produce Exports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	105	105	120	189	237
Northern Territory	1	4	4	8	8
Queensland	108	116	160	279	274
South Australia	94	103	140	131	163
Tasmania	54	63	92	51	67
Victoria	554	585	753	764	890
Western Australia	67	75	95	105	126
Total	**984**	**1,050**	**1,364**	**1,529**	**1,765**

Table 25: Fresh Produce Exports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	101	103	118	189	237
Northern Territory	1	3	4	8	8
Queensland	103	114	157	279	274
South Australia	91	101	138	131	163
Tasmania	52	62	91	51	67
Victoria	532	574	740	764	890
Western Australia	65	73	93	105	126
Total	**946**	**1,030**	**1,341**	**1,527**	**1,765**

Table 26: Food and Beverage Product Manufacturing Imports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	0	-	-	0	0
New South Wales	5,812	6,296	7,077	6,695	6,896
Northern Territory	3	4	4	3	4
Queensland	1,780	1,850	2,019	1,984	2,032
South Australia	571	652	665	563	595
Tasmania	54	55	70	135	122
Victoria	5,457	5,669	6,202	6,465	6,788
Western Australia	733	786	836	791	785
Total	**14,410**	**15,312**	**16,874**	**16,637**	**17,222**

Table 27: Food and Beverage Product Manufacturing Imports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	0	-	-	0	0
New South Wales	5,587	6,178	6,960	6,689	6,896
Northern Territory	3	4	4	3	4
Queensland	1,711	1,816	1,985	1,983	2,032
South Australia	549	639	654	563	595
Tasmania	52	54	69	135	122
Victoria	5,246	5,563	6,099	6,460	6,788
Western Australia	705	772	822	791	785
Total	**13,853**	**15,026**	**16,594**	**16,624**	**17,222**

Table 28: Grocery Imports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	0	0	0	0	0
New South Wales	11,448	11,074	12,592	12,576	13,011
Northern Territory	3	5	5	3	5
Queensland	633	679	867	831	846
South Australia	146	155	196	181	204
Tasmania	10	14	12	14	11
Victoria	3,241	3,458	3,660	3,482	3,630
Western Australia	295	317	326	316	302
Total	**15,776**	**15,701**	**17,659**	**17,403**	**18,009**

Table 29: Grocery Imports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	0	0	0	0	0
New South Wales	11,005	10,867	12,383	12,567	13,011
Northern Territory	2	5	5	3	5
Queensland	609	666	853	831	846
South Australia	141	153	193	180	204
Tasmania	9	14	12	14	11
Victoria	3,116	3,393	3,599	3,480	3,630
Western Australia	283	311	321	315	302
Total	**15,165**	**15,408**	**17,365**	**17,389**	**18,009**

Table 30: Fresh Produce Imports, by state, real (2017-18), $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	274	300	312	336	294
Northern Territory	0	0	0	0	-
Queensland	103	109	117	131	117
South Australia	9	7	12	8	6
Tasmania	2	2	2	3	2
Victoria	244	266	268	299	277
Western Australia	55	56	59	58	50
Total	**687**	**739**	**770**	**835**	**746**

Table 31: Fresh Produce Imports, by state, nominal, $ million

	2013-14	2014-15	2015-16	2016-17	2017-18
	$m	$m	$m	$m	$m
Australian Capital Territory	-	-	-	-	-
New South Wales	263	294	307	336	294
Northern Territory	0	0	0	0	-
Queensland	99	107	115	131	117
South Australia	9	7	11	8	6
Tasmania	2	2	2	3	2
Victoria	234	261	263	299	277
Western Australia	53	55	58	58	50
Total	**660**	**725**	**757**	**835**	**746**

3 Methodology

All methodologies applied in calculating the figures presented in this Trade Addendum are consistent with those applied in the main AFG *State of the Industry Report 2018.* Further detail of the methodologies used in constructing the report, and in defining the AFG sector can be found in the *State of the Industry 2018: Appendix*, Methodology section.

3.1 Factors impacting international trade

When considering and assessing changes in trade value it is important to note that there are an array of factors which drive the year on year changes. Along with AFG sector driven factors, there are several exogenous factors[6] that also affect the sectors trade levels. These include such factors as the terms of trade and fluctuations in foreign currencies that may induce volatility within import and export volumes year on year.

For instance, If Australia's terms of trade (the relative ratio between export and import prices) deteriorates (falls) exports become relatively cheaper to an international market and thus an increase in reported exports may result from this deterioration in the terms of trade. Conversely, with a fall in the terms of trade, imports become relatively more expensive to the domestic market and may decline as a result, leading to an increase in the trade surplus of affected industries.

3.2 Deflator

In order to facilitate consistency with the State of the Industry publications for both this year (2018) and prior years, historical data has been adjusted for inflation until the most recent year for which data is presented. As such, for this Trade Addendum, data has been adjusted so that figures are in 2017-18 terms. The inflation-adjusted figures are referred to as real values and are used in comparisons and growth calculations. To calculate the appropriate inflation adjustment we have utilised ABS catalogue 6401 "Consumer Price Index" weighting relative index numbers (based on contribution to CPI) to form an AFG specific deflator. Specially. This report utilised:

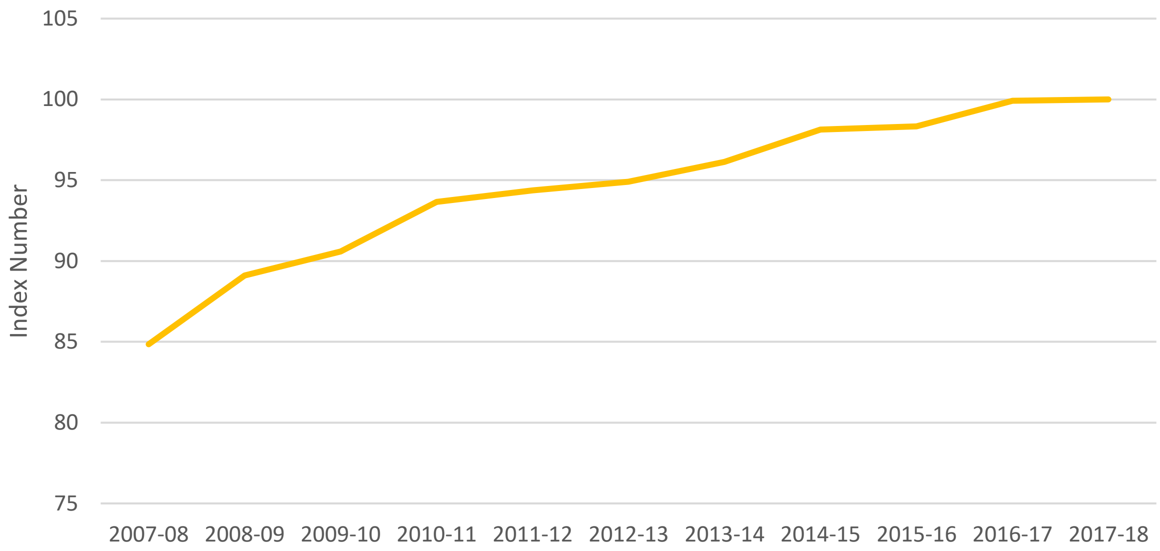
1. Index Numbers: Food and Non-Alcoholic Beverages
2. Index Numbers: Fruit and Vegetables

This aligns with the State of the Industry 2018 Report and replicates the methodology of past reports in applying a deflator to trade based values. Prior year's reports however, have used differing indices to adjust nominal terms to real terms. For further detail, please refer to the *State of the Industry 2018: Appendix*, Methodology section.

The AFG deflator used within this Trade Addendum is shown in the below figure.

[6] This refers to those factors external to, or outside the control of, AFG sector participants.

Figure 13: Food and Grocery deflator, index numbers



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