



MEDIA RELEASE

DR CRAIG EMERSON

Minister for Trade

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Natural disasters take their toll on Australian exports

Natural disasters have taken their toll on Australia's trade performance, with the record 10-month trade surplus finally coming to an end.

Australia recorded a small trade deficit in February of \$205 million, according to figures released today by the Australian Bureau of Statistics, as exports fell by 2 per cent, to \$22.8 billion, compared with January. Exports of coal, which were severely affected by the Queensland floods, recovered slightly, to \$2.7 billion, after a heavy fall in January.

The fall was led by a decline in iron ore and non-monetary gold exports, which were affected by the closure due to severe weather of Port Hedland, the nation's biggest iron ore terminal.

However, Australia's first trade deficit in almost a year also reflected continued strong domestic import growth, with imports up 5 per cent, or \$1.1 billion, to \$23 billion.

Trade Minister Craig Emerson said despite the deficit, the figures showed the underlying strength of the Australian economy. Rural exports - particularly meat and cereals - performed well.

"The fact that our rural producers can increase exports 12 per cent during challenging economic times attests to the competitiveness of this sector," he said

He also highlighted an increase in capital goods imports such as machinery and industrial equipment, which point to improved business confidence and expanded production capacity.

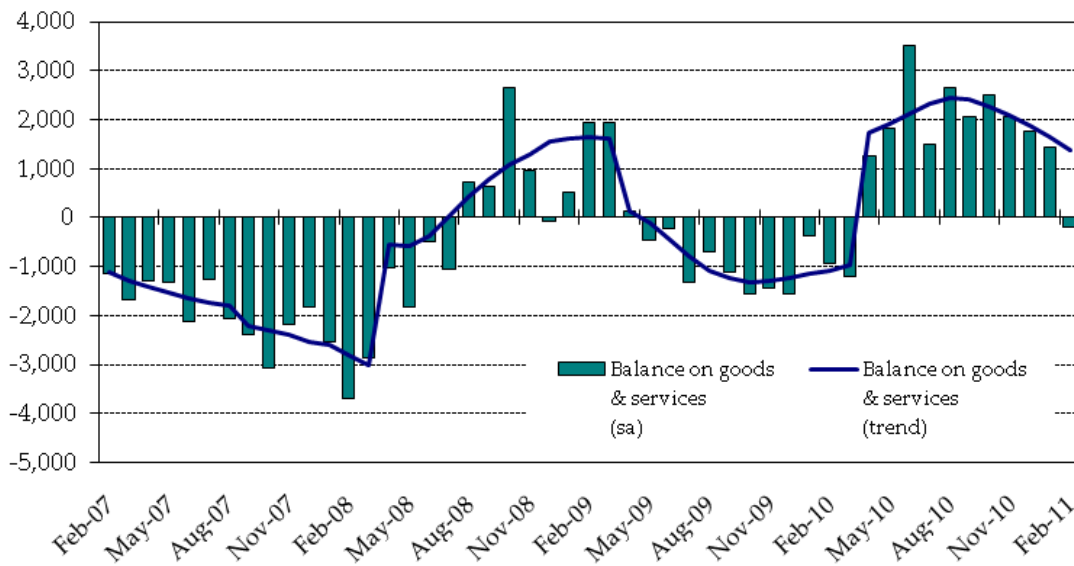
Dr Emerson said: "Capital goods imports increased by more than 2 per cent between January and February, and by 12 per cent compared with February last year.

"This shows fundamental strength in the Australian economy and bodes well for future growth."

Dr Emerson cautioned that Australia's trade performance would continue to be affected by disasters such as the Queensland floods, which interrupted coal production and shipments, into the June quarter.

The devastating tsunami and consequent nuclear energy crisis in Japan, Australia's second-biggest trading partner, would also have an impact on Australia's export performance, he cautioned.

Chart 2: Trade balance
seasonally-adjusted & trend, \$ million



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