

1980-81 will not likely match 1979-80 growth. A softening demand caused by slower growth in the economies of Australia's trading partners will mean lower export earnings. Export growth should increase, however, once world trade begins to gain momentum.

The leading categories of imports are machinery, petroleum, manufactures, transport equipment and chemicals (Table 5). The leading sources of imports are the EEC (24 per cent), the U.S. (22 per cent), Japan (15 per cent), ASEAN (six per cent), Saudi Arabia (four per cent), New Zealand (three per cent) and Canada (2.7 per cent) (Table 5). Growth in imports is expected to continue at 15 per cent per annum in the next few years with the import market expanding by \$3.5 billion annually. It seems that the bulk of import demand will be in sectors supplying resource projects and infrastructure developments as well as consumer goods. Australia has a strong appetite for imports, particularly manufactured goods, and has one of the highest per capita import levels of any country. Australia's exports are dominated by agricultural and mineral products; the major export commodities being wheat, sugar, coal, aluminum, meat (beef, veal, mutton), dairy products, wool and iron ore (Table 5). Japan, the EEC, the U.S., ASEAN countries, New Zealand, the U.S.S.R. and China are major customers (Table 5). ASEAN customers are expected to become increasingly more important in the coming years. Table 6 shows the direction of Australian trade, while Tables 7 and 8 review the composition of Australian exports and imports.

The Australian dollar, which was sharply devalued in 1974 and 1976 and experienced gradual downward adjustments in 1977 and 1978, has appreciated slightly since then and is expected to stabilize at A\$1 = US\$1.18 through 1981. The currency will probably face some upward pressure over the next few years in view of expected capital inflows. The government will no doubt seek a slightly undervalued dollar vis-à-vis the U.S. dollar so as to maintain the levels of investment required to finance planned resource projects.