
III. CANADA – AUSTRALIA TRADE

Trade Framework

The formal trading relationship between Canada and Australia is governed, multilaterally, by mutual membership in GATT and, bilaterally, by the Canada-Australia Trade Agreement (CATA) of 1960. The trade agreement, which provides for the exchange of preferences on a large number of items, has played a major role in developing Canadian exports to Australia, particularly by enhancing the competitiveness of Canadian manufactured products.

The Australian government completed tariff simplification and harmonization in 1982 and 1987 respectively. Canada has been successful in preserving Canadian preference margins for many products in the tariff exercise based on provisions of the CATA. It should be noted, however, that while tariff preference enjoyed by Canada under CATA has been historically very beneficial to Canadian exporters vis-à-vis other industrialized country exporters, Australian officials are currently faced with substantial pressures to reduce and eliminate many preference margins. It is not expected that these pressures will abate in the short-term.

Trade Development

Commercial exchanges with Australia date from the early years of Confederation. The first Canadian trade commissioner was appointed to Sydney in 1895; an appointment to Melbourne followed in 1903.

Canada-Australia two-way trade has increased from C\$768 million in 1978 to C\$1 503 million in 1988, when Canada had a positive trade balance of C\$172 million. Bilateral trade increased by 20 per cent in 1988 over 1987 and is projected to increase by a further 20 per cent in 1989.

In 1988, Australia was Canada's fifth-largest export market for semi- and fully manufactured goods and was Canada's 13th-largest export market overall, taking some .62 per cent of our exports. On the import side, Australia, in 1988, was our 14th-largest source, accounting for some .51 per cent of total imports.