



NSW trade with China and India

by John Wilkinson

1 Industrial transformation of China and India

1.1 China

In the last 30 years China has gone through a period of rapid industrial transformation. Between 1978 and 2008, China achieved an annual average GDP growth rate of 9.8%.¹ The following selected statistics provide an illustration of the extent of China's industrialisation:

- by 1996 China became the largest steel producer in the world and remains so, currently producing over one-third of total global steel production
- by 2001 China became the second-largest producer of electricity in the world, with an installed capacity of 293.7 Giga-Watts
- by 2004 China had the world's third-largest volume of air transport services
- in 2005 China produced 37% of the world's computer hard drives
- in 2006 China became the world's second-largest market

for motor vehicles after the USA and Japan (with sales of 7.2 million units)

- China is the largest textiles and clothing producer in the world²

1.2 India

India's industrial transformation has been considerable, but not as rapid as China's. Between 1990 and 1999, India's average GDP growth rate was around 6%. In the early years of the twenty-first century, India's average GDP growth rate rose closer to China's: to 8.5% in 2003-04 and to 9.2% in 2007-08 (before dropping back to 6.7 % in 2008-09).³ Nevertheless India has achieved some significant milestones, as follows:

- India is the second-largest producer of textiles in the world
- India is the fifth-largest steel producer in the world (with around 4% of world production)
- India has the world's second-largest legal profession (with over 1 million lawyers)
- India has the largest road network in the world (3.32 million kilometres)

- India has the second-largest rail network under a single operator (over 63,000 kilometres)
- India has the third-largest telecommunications network in the world
- India is the sixth-largest consumer of energy in the world (with 168 Gigawatts of installed power in 2008)⁴

2 Australia's National Trade Position with China and India

2.1 China

On an overall level, Australia occupies a relatively small position amongst China's trading partners. This is highlighted in the accompanying tables:

China's Imports by Selected Sources (as % of all Imports): 2007⁵

Japan	14%
European Union	11.6%
South Korea	10.9%
Taiwan	10.6%
USA	7.3%
Australia	2.7%

China's Exports by Selected Destinations (as % of all Exports): 2007⁶

European Union	20.1%
USA	19.1%
Japan	8.4%
South Korea	4.6%
Australia	1.5%

Viewed from an Australian standpoint, China plays a leading role, reaching the position of Australia's biggest trading partner in 2009. Trade balances (between Australia and China) have fluctuated in recent years, with Australia having a surplus in the

1980s, then a deficit in the 1990s and in the early twenty-first century, and just recently a surplus once again. This can be seen in the table below:

Australia's Merchandise Trade with China: 1980-2010⁷

	Exports	Imports
1980-81	\$0.7bn	\$0.3bn
1985-86	\$1.5 bn	\$0.4bn
1990-91	\$1.3bn	\$1.5bn
1995-96	\$3.7bn	\$4bn
2000-01	\$6.8bn	\$9.bn
2005-06	\$17.8bn	\$23.2bn
2010	\$58.4bn	\$39.2bn

The above table does not include trade in services. This is significant as Australia's principal exports to China are minerals and education, in return for which Australia imports manufactured goods from China. This can be seen in the accompanying tables for the main items in Australian-Chinese Trade:

Australia's Main Exports to China: 2010 (by value)⁸

Iron Ore and Concentrates	\$34.7bn
Coal	\$5.2bn
Education	\$4.4bn
Confidential Items of Trade	\$3.7bn
Other Ores/ Concentrates	\$2.1bn

Australia's Main Imports from China: 2010 (by value)⁹

Computers	\$3.9 bn
Telecom Equipment/Parts	\$3.8 bn
Prams/Toys/Games/Sports Goods	\$1.9 bn
Furniture/Mattresses/Cushion	\$1.6bn
Other Textile Clothing	\$1.4bn

2.2 India

On an overall level, Australia also occupies a relatively small position amongst India's trading partners.

Compared to our share in China's imports, Australia has a higher percentage share in India's imports. On the other hand, compared to our share of China's exports, Australia takes a lower percentage share of India's exports. This is highlighted in the accompanying tables:

**India's Imports by Selected Sources
(as % of all Imports): 2010-11¹⁰**

China (+ Hong Kong)	13.9%
United Arab Emirates	7.7%
Saudi Arabia	5.9%
USA	5.3%
Switzerland	5.2%
Australia	3.6%

**India's Exports by Selected
Destinations (as % of all Exports):
2010-11¹¹**

United Arab Emirates	13.5%
USA	11.3%
China (+ Hong Kong)	9.9%
Singapore	4.4%
Britain	3.1%
Australia	0.7%

India is Australia's fifth-largest trading partner.¹² Trade balances have consistently been in Australia's favour, as can be seen in the table below:

**Australia's Merchandise Trade with
India: 1980-2010¹³**

	Exports	Imports
1980-81	\$177m	\$109m
1985-86	\$428m	\$170m
1990-91	\$677m	\$260m
1995-96	\$1.2bn	\$549m
2000-01	\$2bn	\$754m
2005-06	\$7.3bn	\$1.2bn
2010	\$16.4bn	\$2bn

Again, the above table does not include trade in services. This is significant as Australia's principal exports to India are essentially minerals and education, in return for

which Australia imports jewellery and various manufactured items from India.

This can be seen in the accompanying tables for the main items in Australian-Indian trade:

**Australia's Main Exports to India:
2010 (by value)¹⁴**

Coal	\$6.8bn
Gold	\$5.3bn
Education	\$2.6 bn
Copper Ore/ Concentrates	\$1.3bn
Crude Petroleum	\$938m

**Australia's Main Imports from India:
2009-10 (by value)¹⁵**

Pearls and Gems	\$154m
Jewellery	\$119m
Medicaments	\$100m
Passenger Motor Vehicles	\$86m
Fabricated Textile Items	\$76.5m

3 New South Wales trade with China and India

3.1 China

China is now NSW main trading partner, the culmination of a development which was already in place by the beginning of the twenty-first century. This is evident in the accompanying two tables for NSW trade over the period 2000/01 to 2009/10:

**NSW Top Five Trading Partners:
2000-01¹⁶**

	Imports From	Exports To
USA	\$10.8 bn	\$2.4 bn
Japan	\$5.9bn	\$4.8 bn
China	\$4.3 bn	\$0.95 bn
S. Korea	\$2.4 bn	\$1.4 bn
N.Z.	\$1.7 bn	\$1.7 bn

**NSW Top Five Trading Partners:
2009-10¹⁷**

	Imports From	Exports To
China	\$18.3 bn	\$3.2 bn
Japan	\$5.8 bn	\$8.3 bn
USA	\$8.9 bn	\$2.3 bn
S. Korea	\$2.3 bn	\$3.1 bn
N.Z.	\$2.7 bn	\$2.2 bn

Whereas recently Australia has achieved a trade surplus with China, NSW runs a substantial deficit (\$15.2 bn in merchandise trade). 19% of NSW imports originate from China, but China takes only 6.2% of the State's merchandise exports.¹⁸ The following tables illustrate the major merchandise items traded between the two jurisdictions and the extent of the deficit.

NSW: Selected Major Merchandise Imports from China (2009-10)¹⁹

Office Machines/Automatic Data	\$4.4 bn
Telecommunications/Sound and Recording Equipment	\$4.3 bn
Apparel and Clothing	\$1.5 bn
Miscellaneous Manufactured Items	\$1.5 bn
Electrical Machinery and other Apparatus	\$1.3 bn
Total all imports	\$18.4 bn

NSW: Selected Major Merchandise Exports to China (2009-10)²⁰

Coal, Coke and Briquettes	\$603m
Metalliferous Ores and Metal Scrap	\$548m
Textile Fibres and Associated Wastes	\$543m
Confidential Items of Trade	\$529m
Specialised Machinery	\$129m
Total all exports	\$3.2 bn

Note that neither the above tables relating to China, nor those below for NSW trade with India, include trade in services. No disaggregated figures seem to be available for individual States.

3.2 India

India is currently NSW 15th largest trading partner.²¹ As for Australia generally, NSW's trade balance with India is in surplus.

The tables below show the major merchandise items traded, between the two jurisdictions, and the extent of the State's surplus with India (\$491 m).

NSW: Selected Major Merchandise Exports to India (2009-10)²²

Coal, Coke and Briquettes	\$591m
Non-ferrous Metals	\$134m
Metalliferous Ores and Metal Scrap	\$119m
Confidential Items of Trade	\$67m
Vegetables and Fruit	\$65m
Total all imports	\$1.1 bn

NSW: Selected Major Merchandise Imports from India (2009-10)²³

Non-Metallic Mineral Manufactures	\$80m
Medicinal and Pharmaceutical Products	\$72m
Electrical Machinery and other Apparatus	\$63m
Miscellaneous Manufactured Items	\$50m
Textile Yarn/Fabrics/Fabricated Articles	\$39m
Total all exports	\$609m

4 Cross Currents in NSW Trading and Financial Relationships with China and India

4.1 China

Company Activity

In 2007 there were at least 3,800 Australian companies exporting to China.²⁴ Amongst these are some of the largest firms/organisations in New South Wales. Leighton Holdings has been involved in China for over 30 years and is currently developing the Kowloon Southern Rail Link in Hong Kong. WorleyParsons has also been active in China, for a number of years in the areas of engineering and construction management. Westpac has been active in China since 1982 and recently opened branches in Shanghai (2008) and Beijing (2011).²⁵ The Commonwealth Bank of Australia (CBA) has operated in China since 1992, and recently opened its first institutional banking branch in Shanghai (2010).²⁶ Macquarie Bank became active in China in 1995.²⁷ Many NSW companies and organisations, involved in China are members of the Australia China Business Council (ACBC) and a selection of the more prominent of these companies appears below:

- Allens Arthur Robinson
- AMP Capital Investors
- CBA
- Downer EDI
- GHD
- IAG
- Macquarie Bank
- University of NSW
- University of Sydney
- UTS
- Westpac
- Woolworths

- WorleyParsons²⁸

Sectors of Trade

Minerals

The one mineral that China needs most for her industrialisation is iron ore.²⁹ Western Australia is the nation's main supplier of iron ore to China by jurisdiction.³⁰ NSW biggest export item is also a mineral resource: coal. China, however, already has the third-largest coal reserves in the world.³¹

Nonetheless, China has recently had to import coal from overseas. John Gibson and his colleagues wrote that,

China remains a net exporter of coal, but the surplus is declining. . .China imports some coal and since 2000 this has been increasing. . .to reach 40 million tonnes. . .in 2006.³²

NSW has correspondingly been able to make coal a considerable part of its exports to China. Although the focus of NSW coal exports has been and still is Japan (where the state sends coal for Japanese power stations), coal exports in 2008-09 constituted over 20% of all NSW exports to China.³³

Manufacturing

As China has massively increased its manufacturing sector, and as its manufactured exports have rapidly increased, Australia's imports of those products has correspondingly accelerated. A 2005 Senate Committee, inquiring into Australia's relationship with China, reported that:

in the eleven years from 1994 to 2004, the value of Australia's imports of Chinese manufactured products increased from \$A3,191 million to \$A17,084 million. . .in 2004-05, the value of Australia's

TCF [textile, clothing and footwear] imports from China was nearly 103 times that of Australian TCF exports to China.³⁴

Between 1981 and 2005-06, manufacturing's contribution to NSW gross state product (GSP) has declined from 21% to 11%.³⁵ The reasons for this are many and varied and are not discussed in this e-brief. It is enough to note the increased imports of manufactured items from China, and the trend for NSW companies to relocate to China.

In 2006, for example, the lemma Government announced that the NSW railways requirement for 626 carriage bodies would be sourced from the Changchun Railway Vehicle Company. Between 2009 and 2010, 2 out the 3 major TCF companies in NSW (Albany International and Pacific Brands) closed their factories at Gosford, Cessnock and Wentworthville respectively and relocated to China.³⁶

Services (Education/Tourism/Design)

The kind of contrary influences noted in respect to NSW trade in minerals and manufacturing with China do not apply where services are concerned. On a national level, "education-related travel services"³⁷ have been an expanding area of export activity as Australia has accepted students from a number of countries. In 2009, education ranked third in value as an export to all destinations, behind coal and iron ore, as demonstrated in the following table:

Australia's 3 Major Exports to All Destinations (by Value): 2010³⁸

Iron Ore	\$49.4 bn
Coal	\$43 bn
Education-Related Services	\$17.7 bn

In 2010, international student activity (from all sources) generated \$18.3 billion in Australian export revenue; New South Wales earned the most: \$6.5 billion (36.7% of the Australian total).³⁹ Students from China are the largest individual body of students from overseas in NSW, and the State has continued to attract an ever increasing number of Chinese students, as the accompanying statistics illustrate:

Chinese Higher Education/VET Students in NSW: 2006-2010⁴⁰

	Higher Education	VET
2006	24,417	4,863
2007	26,201	6,500
2008	28,582	8,616
2009	33,162	9,715
2010	37,677	8,779

Chinese inbound tourism is another area of activity which has grown substantially in recent years. Tourism Research Australia (TRA) estimates that, in 2010-11, Chinese tourists were the third largest group of tourists (by nationality) visiting Australia, as illustrated below:

Overseas Tourists Visiting Australia (by Major Source): 2010-11⁴¹

New Zealand	1,064,000
UK	587,000
China	463,000
USA	438,000
Japan	352,000

Chinese tourists are also the second-fastest growing segment of tourists, as indicated by figures for arrivals between 2006-07 and 2010-11:

Overseas Tourists Visiting Australia (by Major Source): 2007-11⁴²

	2006/07	2010/11	Difference
USA	129,000	438,000	+309,000
China	319,000	463,000	+144,000
NZ	976,000	1.064m	+88,000
UK	691,000	587,000	-104,000
Japan	582,000	352,000	-230,000

66% of Chinese tourists to Australia in 2010-11 (288,000 out of 438,000) visited NSW. Correspondingly, amongst the three States that are the greatest recipients of tourists, NSW attracts the largest expenditure as follows:

Modelled International Visitor Expenditure by Chinese Tourists (NSW/ Victoria/ Queensland): 2010- 2011⁴³

New South Wales	\$1.1 billion
Victoria	\$726 million
Queensland	\$340 million

A third area in which NSW companies are engaged in China is in the field of design. In the opening years of the twenty-first century, Sydney architects Johnson Pilton Walker (JPW) won a competition in Suzhou to develop 12 kilometres of landscapes. For the 2008 Beijing Olympics Sydney-based architects PTW, Cox Architects and BVN Architecture respectively designed the Aquatic Centre ("Water Cube"), the Qingdao sailing course and the rowing and rafting facility at Shunyi Aquatic Park.⁴⁴

Primary Products

As in the case of minerals and manufacturing, there are contrasting features in Australia's primary products trade with China.

Wool: China is Australia's foremost customer for wool, the nation's third-

ranking primary product export. In 2009-10, China took 77% of the entire Australian wool clip (\$1.8 billion out of \$2.3 billion by value).⁴⁵ NSW, by virtue of having 36% of the nation's sheep flock (the largest number in Australia),⁴⁶ is consequently a major exporter of wool to China. In 2010 the value of wool produced in NSW was worth \$641.1 million.⁴⁷ In 2009-10, the value of NSW wool shipped to China amounted to nearly \$533.4 million.⁴⁸

Cotton: China is also the major buyer of Australian cotton. NSW, in turn, produces the majority of the nation's cotton (generally around 60%). In 2010 the total value of the national cotton crop (effectively as produced by NSW and Queensland) was \$754 million.⁴⁹ The largest single share of the Australian cotton crop is exported to China. In 2010 NSW exported cotton to China valued at about \$259.8 million (from a total of national cotton exports to China valued at over \$428 million).⁵⁰

Wine: China takes about 9% of Australia's wine exports: in 2009-10 importing 46 million litres out of total Australian wine exports of 775 million litres by volume (or \$160 million out of \$2.17 billion by value).⁵¹ China's intake of 9% of Australia's wine exports still forms 21% of all Chinese imports of wine.⁵² The amount of wine exports to China originating from NSW (the second-largest wine producing State in Australia) was \$54.5 million (around a third, in value, of all Australian wine shipments to China).⁵³

Wheat: NSW earned \$46 million from wheat exports to China in 2009-10, a relatively small proportion of the Australian total of wheat exports to all destinations. Wheat is in fact Australia's second-ranking primary product export, with total shipments valued at \$4.1 billion.⁵⁴ The major part

of the NSW wheat crop is used for domestic production, in contrast to Western Australia (the biggest wheat producing State) which exports over 85% of its crop.⁵⁵ Indonesia, Japan and South Korea were by far the bigger customers for Australia's wheat: taking (collectively) almost 70%.⁵⁶ China is in fact the world's largest producer of wheat, with output of 93 million tonnes in 2005-06.⁵⁷ With China producing so much of its own wheat, in 2009-10 it took only 4.3% of Australian exports (633,000 tonnes out of 14.6 million tonnes, or nearly \$180 million out of \$4.7 billion). The NSW share of exports to China in the same year (\$44.2 million) amounted in value to around 25% of the Australian total.⁵⁸

Barley: China is the largest market for beer in the world, with 42.2 million kilolitres of beer consumed in 2009.⁵⁹ NSW barley exports to China, however, earn just a little less than the State's wheat exports. Nationally just over 6.5 million tonnes of barley are produced each year: 4.1 million tonnes of feed barley and 2.5 million tonnes of malting barley for beer production.⁶⁰ Just over half of the national crop is exported, with China reportedly taking 1.5 million tonnes per annum.⁶¹ On average NSW produces about 16% of the national crop, most of which is used for domestic production (compared to Western Australia where over 75% of the barley crop is exported).⁶² In 2009-10, out of total Australian barley exports to China worth \$281 million, NSW barley exports amounted in value to around 16% of that total (\$44 million).⁶³

Finance

Chinese banks are well represented in Sydney. Industrial and Commercial Bank of China (ICBC), the world's biggest bank by market capitalisation,

has an office in Sydney. The Agricultural Bank of China (the fourth-largest commercial bank in China), the Bank of Communications (the fifth-largest commercial bank in China), the Bank of China, and the People's Bank of China also have offices in NSW.⁶⁴

4.2 India

Company Activity

There are a number of Australian companies doing business in India. Of these, some of the more prominent NSW based companies include: Boral; Leighton Holdings; Macquarie Group; Qantas; and TNT.⁶⁵ A list of Australian companies trading in India is found in the [2010 Annual Report](#) of the Australia India Business Council.

Sectors of Trade

Minerals

A key difference between NSW trade with India - compared to NSW trade with China - is that proportionately NSW mineral exports contribute much more to the State's trade balance with India than they do with China.

Similar to China, India already has large reserves of coal: 10% of the global total (the world's fourth-largest reserves). In 2007-08, India produced 456.4 million tonnes of coal.⁶⁶ Nevertheless India, like China, does import smaller amounts of coal: 50 million tonnes of coking (steel-making) coal in financial year 2007-08.⁶⁷ In 2009-10, coal formed more than 50%, by value, of all NSW exports to India (\$591 million from a total of \$1.1 billion).⁶⁸

Manufacturing

Unlike the State's trade relationship with China, manufactured items do not form a substantial part of the NSW trade relationship with India. The main manufactured items in the State's exports to India are "non-ferrous metals" (valued, in 2009-10, at \$134.5 million). The main manufactured items amongst India's exports to NSW are "non-metallic mineral manufactures", "medicinal and pharmaceutical products", "electrical machinery and electrical apparatus", "miscellaneous manufactured articles" and "textile yarn, fabrics and made-up articles" – collectively valued, in 2009-10, at just over \$300 million.⁶⁹

Services (Education/Tourism/Design)

India itself is a major producer and exporter of services. As Betina Dimaranan and her colleagues wrote in 2007, whereas China's growth,

relied primarily on exports of manufactures. . .By contrast India has concentrated more heavily on services. . .Since 2000, services have accounted for a quarter of India's exports. . .the main development. . . [being] a dramatic increase in the importance of communications and computing services, from approximately 40 per cent of all services exports in 1990 to two-thirds in recent years.⁷⁰

Although India is therefore a major exporter of services, NSW has still been able to export services products to India, principally "education-related travel services".⁷¹ On a national level, from 2002-2005 the number of Indian students choosing to study in Australia increased by almost 35%.⁷² In NSW, students from India are the second-largest individual body of students from overseas, and the State has

continued to attract an ever increasing number of VET students, as the accompanying table indicates:

Indian Higher Education/VET Students in NSW: 2006-2009⁷³

	Higher Education	VET
2006	9,204	2,951
2007	8,917	7,690
2008	8,523	14,139
2009	7,907	17,747

Compared to China, tourists from India are a much smaller segment of Australia's inbound tourism. Whereas China ranks third amongst Australia's major sources of overseas tourists, India ranks only 14th at present, with 135,000 Indian tourists visiting Australia between March 2010 and March 2011. Moreover, to date the growth in Indian tourist numbers has been far slower than the growth in tourists from China. Between 2006-07 and 2010-11, Indian tourist numbers grew by only 2% a year.⁷⁴

Primary Products

At present India is a major market for only two of Australia's leading primary product groups – wool and wheat.

Wool: As noted, in 2009 wool was the nation's third-ranked primary product export. In the same year, India took 7.7% of Australia's exports by value (\$155 million out of \$1.8 billion).⁷⁵ This made India, to quote Gwen Rees and Andrew Haylen, "Australia's second largest wool destination." This fact in itself, according to Rees and Haylen, suggests that "India has the potential to be an increasingly important market for Australian wool exports."⁷⁶ According to the Australian Bureau of Agricultural Resource Economics and Sciences (ABARES), in 2009-10 NSW

wool exports to India amounted to \$21 million (14% of the total).⁷⁷

Wheat: As noted, in 2009-10 wheat was Australia's second-ranked primary product export. India, however, is the world's third largest producer of wheat, with output of 74 million tonnes in 2005-06.⁷⁸ In 2009-10, India only took a relatively modest 0.3% (44,000 tonnes out of 14.6 million tonnes).⁷⁹ NSW Industry and Investment has estimated that, in 2009-10, NSW exported wheat to India amounting to \$21.8 million (out of \$85.8 million of Australian wheat shipments to India).⁸⁰

Finance

There are a number of Indian banks represented in Sydney. The State Bank of India (the largest bank in India) opened an office in Sydney 1998. Recently the Bank of Baroda (the third largest bank in India) has also established a Sydney branch.⁸¹

5 Access Economics, [NSW Economy in 2020](#) report

In their August 2010 foresighting study on the NSW economy, Access Economics commented at length on the likely contribution in 2020 of the "emerging economies", notably China and India.⁸² Predicted (in part) was strong future demand for commodities, coal in particular, and for services related to infrastructure, together with the changing consumption patterns associated with the rise of the middle class in these economies. Access Economics noted that:

emerging economies are a valuable market for trade with NSW, not only in the form of resource and agricultural exports but also services such as education, finance and tourism.

The report continued:

The links are not all one way; NSW benefits from importing competitively priced manufactured goods, especially from China. Also, China and India are sources of investment, to develop NSW resources. High levels of domestic saving in emerging economies will provide a large pool of funds for investing in projects around the world, including potentially in NSW, over the next decade.

There may be tensions and certain costs involved, the report suggests:

At the same time, development of emerging economies will enable them to compete in some sectors with more advanced economies, including Australia. Consequently, some domestic industries will flourish and may be able to take advantage of new opportunities that arise, but others inevitably will decline, permanently transforming the structure of the NSW economy.

Overall, however, Access Economics was of the view that "the continued strong growth in emerging economies should provide clear net benefits to the NSW economy over the coming decade". For NSW, it is said, the "industries likely to benefit from the growth of the middle class in emerging markets include higher value-added agricultural products and services".

The report reminds readers that NSW is currently:

- a significant provider of education services for international students
- the dominant exporter (in Australia) of financial and business services
- the State that attracts the most international tourists⁸³

5. Other recent comments

The industrialisation of China and India has cemented Australia's trade focus on Asia. As the International Monetary Fund (IMF) reported in its recent *Regional Economic Outlook*, "In 2010, almost 60 per cent of Australia's exports – dominated by commodities – headed to emerging Asia, compared with 40 per cent ten years ago."⁸⁴ On a nation-wide level, as the IMF adds, China's and India's strong growth augurs well for Australia. The IMF's global economy simulation model:

suggests that, should Asia continue to grow notably faster than the world average, the impact on Australia will be even larger than in the past...Over the next ten years, the model suggests that a 50 per cent increase in emerging Asia's real GDP. . .would raise Australian GDP by about 20 per cent. . .⁸⁵

In a recent address to the [Australian Resources Chinese Investment Congress](#), held on 6 July 2011, Ouyang Cheng, who is second secretary in China's Canberra Embassy, said that "from the perspective of economic and industrial structure, our two economies are highly complementary". He suggested that China and Australia should explore new cooperation areas in "finance, agriculture, telecommunications, civil aviation, forestry and manufacture".

6 Conclusion

The trading relationships between NSW and China and India are in their relatively formative stages. For NSW, as for Australia generally, the rise of these emerging economies brings challenges as well as opportunities. The ability of NSW businesses to capitalise on these opportunities is

likely to have a major impact on the State's future economic growth.

¹ John Whally and Xiliang Zhao, *The Contribution of Human Capital to China's Economic Growth* (National Bureau of Economic Research, Cambridge, Massachusetts, 2010), p.15.

² World Trade Organisation (WTO) Secretariat, *Trade Policy Review: China* (WTO, Geneva, 2008), pp.183, 189, 193, 199, 204, 236; World Steel Association, *Steel Statistical Yearbook: 2009* (World Steel Association, Brussels, 2010), pp.3-5; Edward Steinfeld, "Energy Policy" in Shahid Yusuf and Tony Saich (eds.), *China Urbanises: Consequences, Strategies and Policies* (International Bank for Reconstruction and Development, Washington DC, 2008), p.138; Liang Chuan, "Infrastructure Development in China" in Nagesh Kumar (ed), *International Infrastructure Development in East Asia – Towards Effective and Balanced Regional Integration* (Economic Institute for ASEAN and East Asia, Jakarta, 2007), p.86; Prime Minister's Science, Engineering and Innovation Council (PMSEIC), *Strengthening Australia's Position in the New World Order* (PMSEIC, Canberra, 2006), p.6.

³ See Pami Dua, "China's Accession to WTO: Implications for India", presentation at the *Project LINK Spring Meeting*, 14-16 April 2004, New York; Surjit Bhalla, *Indian Economic Growth 1950-2008: Facts and Beliefs, Puzzles and Policies* (Oxus Research and Investments, New Delhi, 2008); International Monetary Fund Staff, *India* (International Monetary Fund, Washington DC, 2011), p.22.

⁴ Dagmar Graczyk, Uwe Remme, Peter Taylor and Nathalie Trudeau, *Technology Development Prospects for the Indian Power Sector* (International Energy Agency, Paris, 2011), p.20; World Steel Association, *Steel Statistical Yearbook: 2009* (World Steel Association, Brussels, 2010), pp.3-5; World Trade Organisation Secretariat, *Trade Policy Review: India* (World Trade Organisation, Geneva, 2007), p.146; World Trade Organisation, *Trade Policy Review: Report by India* (World Trade Organisation, Geneva, 2007), pp.11, 21; Kaoru Nabeshima, Dwight Perkins and Shahid Yusuf, "China and India Reshape Global Industrial Geography" in Shahid Yusuf and Alan Winters (eds.), *Dancing with Giants: China, India and the Global Economy* (International Bank for

- Reconstruction and Development, Washington DC, 2007), p.39; Rachna Gangwar and G. Raghuram, *Indian Railways in the Past Twenty Years: Issues, Performance and Challenges* (Indian Institute of Management, Ahmedabas, 2008), p.2.
- ⁵ WTO Secretariat, n.2, *Trade Policy Review: China*, Appendix Tables.
- ⁶ WTO Secretariat, n.2, *Trade Policy Review: China*, Appendix Tables.
- ⁷ *Australia Year Book: 1984* (Australian Bureau of Statistics, Canberra, 1984), p.611; *Australia Year Book: 1988* (ABS, Canberra, 1988), p.902; *Australia Year Book: 1995* (ABS, Canberra, 1994), p.767; *Australia Year Book: 1997* (ABS, Canberra, 1997), p.701; *Australia Year Book: 2002* (ABS, Canberra, 2002), p.837; *Australia Year Book: 2007* (ABS, Canberra, 2007), p.692; Department of Foreign Affairs and Trade (DFAT), *Composition of Trade Australia: 2010* (DFAT, Canberra, 2011), p.167.
- ⁸ DFAT, *Composition of Trade Australia: 2010* p.167. See also ABS, *International Trade in Services by Country, by State and by Detailed Services Category: 2010*, ABS Catalogue 5368.0.55.004. "Confidential Items of Trade" include all commodities for which the Australian Bureau of Statistics has restricted the release of data (in order to protect the confidentiality of importers, exporters and other interested parties).
- ⁹ DFAT, *Composition of Trade Australia: 2010* pp.167-168.
- ¹⁰ See "Export Import Data Bank: Total Trade (Top 25 Countries)" on the website of the Indian Department of Commerce at <http://commerce.nic.in/eidb/iecnttopn.asp>.
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ISSN 1838-0204