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## Australian exports get a lift from surging China shipments

Australian exports excluding farm goods surged by the most in almost three decades in April as shipments of iron ore and coal to China pushed the trade balance to a surplus for the first time in 12 months.

Shipments of non-farm goods jumped 18.4 percent from March to A\$14.8 billion (\$12.5 billion), the biggest increase since May 1982, the Bureau of Statistics said in Sydney on Thursday. The trade balance unexpectedly swung to a surplus of A\$134 million from a revised deficit of A\$2.04 billion. The median estimate in a Bloomberg survey of 19 economists was for a A\$800 million gap.

Australia's mineral wealth and proximity to China are stoking an economic expansion that is forecast by the central bank to almost double in the next two years. That may prompt Governor Glenn Stevens to resume the Group of 20's most aggressive round of interest-rate increases later this year after pausing this week.

"We are a big beneficiary of what's happening in Asia, led by China which has just become so important to Australia," said Stephen Roberts, a senior economist at Nomura Australia Ltd in Sydney, one of only three analysts to forecast a surplus.

"Exports and business investment in the mining sector are going to be mainstays of growth" in coming quarters, he said.

The Australian dollar traded at 84.49 US cents at 12:31 pm in Sydney from 84.56 cents just before the report was released. The two-year government bond yield was unchanged at 4.46 percent. A basis point is 0.01 percentage point.

Iron ore, coal

Exports including farm goods gained 11 percent to A\$22.7 billion, the report showed. Metal ores including iron ore rose 25 percent and coal shipments surged 40 percent. Imports were unchanged in April at A\$22.5 billion.

Increasing demand from Asia is fueling an investment boom in Australia's resources industries that is forecast by the central bank to last more than a decade.

Projects valued at A\$267 billion were committed to or in progress as of March 31, up A\$46 billion from a year earlier, Canberra-based research company Access Economics said last month.

Prime Minister Kevin Rudd's government is seeking to benefit from the boom by introducing a 40 percent tax on resource profits, triggering a backlash from miners including Rio Tinto Group who are threatening to cancel new projects.

Xstrata Plc, the world's largest thermal coal exporter, said on Thursday it has suspended A\$586 million of spending on coal and copper projects in Australia because of the proposed tax.

The tax "has created significant uncertainty for the future of mining investments into Australia and would impair the value of previously approved projects and exploration to the point that continued investment can no longer be justified", said Mick Davis, chief executive officer of Zug, Switzerland-based Xstrata.

Still, concern that the mining investment boom may worsen a shortage of workers and drive up inflation was among reasons cited by Stevens for increasing the central bank's overnight cash rate target from a half-century low of 3 percent in early October to 4.5 percent last month.

Policy makers kept the benchmark rate unchanged this week for the first time in four months to assess the impact of their most recent moves on consumer and business demand, which show signs of slowing.

Stevens said on Tuesday that monetary policy is "appropriate for the near term", a statement that leaves room for a resumption of interest-rate increases as the economy strengthens.

The number of workers in Australia's mining industry almost doubled to 174,500 in the three months through February from 94,900 in the same period in 2003, according to estimates from the statistics bureau.

"The recovery in the terms of trade which began in late 2009 is accelerating and will deliver a strong boost to income and demand," said Su-Lin Ong, senior economist at RBC Capital Markets Ltd in Sydney.

*Source: China Daily*

(Editor: 黄硕)

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