COMMONWEALTH BUREAU OF CENSUS AND STATISTICS, CANBERRA, AUSTRALIA.

THE AUSTRALIAN BALANCE OF PAYMENTS.

1948-49 TO 1952-53

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Introduction

This statement brings forward to June, 1953 the preliminary estimates contained in "The Australian Balance of Payments 1950-51, 1951-52 and First Half 1952-53" and includes revisions to estimates previously published for the years 1948-49 to 1950-51. The estimates for 1952-53 are still preliminary and may require considerable revision in the future. In the case of one group of items (private investment in Australia and overseas) estimates are only just available for 1951-52 and it will be some considerable time before any details are available for 1952-53.

All estimates in this statement are directly comparable with the balance of payments section of "National Income and Expenditure 1952-53" and an appendix reconciles the two sets of estimates for 1952-53.

A printed publication, "The Australian Balance of Payments 1928-29 to 1949-50", contains a detailed analysis of the items included in Tables II and III of the present statement, describes the methods of calculation used and comments on the order of accuracy of the items. A further publication of that series "The Australian Balance of Payments 1928-29 to 1951-52" is now in the course of preparation.

General

Table I contains a summary of the estimates which appear in more detail in later tables.

TABLE I

AUSTRALIA : BALANCE OF PAYMENTS, 1948-49 TO 1952-53 - SUMMARY

(£A million)

	1948-49	1949-50	1950-51	1951-52	1952-53 (Preliminary)
CURRENT ACCOUNT					
(Credit items +, Debit items -)					
Exports f.o.b.	+521.7	+592.9	+975.1	+664.2	+847.7
Imports f.o.b.	-415.1	-538.1	-741.9	-1,051.5	-512.7
Trade Balance	+106.6	+ 54.8	+233.2	-387.3	+335.0
Invisible Credits	+ 68.8	+ 80.6	+ 90.8	+ 99.1	+ 94.4
Invisible Debits	-144.1	-180.0	-222.4	-296.8	-258.4
Invisible Balance	- 75.3	- 99.4	-131.6	-197.7	-164.0
Balance on Current Account	+ 31.3	- 44.6	+101.6	-585.0	+171.0
CAPITAL ACCOUNT					
(Plus sign (+) indicates net increases in assets or net decreases in liabilities and minus sign (-) indicates net decreases in assets or net increases in liabilities)					
International Reserves	+178.2	(a)+185.7	+192.9	(a)-464.0	+186.2
Public Authority Domiciled Overseas	+ 14.2	+ 29.7	+ 19.8	+ 2.3	+ 2.6
Net Transactions with International Monetary Fund and International Bank for Reconstruction and Development	-	- 8.9	- 4.0	- 24.9	- 30.3
Net Investment in Joint Organization (Wool	- 17.4	- 6.5	- 1.8	+ 0.7	-
Miscellaneous Official Transactions	- 0.1	+ 0.6	+ 1.0	+ 6.3	- 4.6
Undistributed Income accruing to Oversea Companies	- 6.0	- 16.3	- 23.1	- 24.3	- 20.0
Private Capital Movements and Balancing Items	-137.6	-228.9	- 83.2	- 81.1	+ 37.1
Balance on Capital Account	+ 31.3	- 44.6	+101.6	-585.0	+171.0

(a) Excluding movements due to revaluation of holdings following devaluation of the Australian pound in September, 1949 and to other adjustments of an accounting nature during 1951-52 which were not due to balance of payments transactions.

Australia's balance of payments on current account improved by £756 million between 1951-52 and 1952-53 after deteriorating by £687 million between 1950-51 and 1951-52. When capital transactions are taken into account, Australia's international reserves increased from £362 million in June, 1952 to £548 million in June, 1953. The level at June, 1951 was £843 million.

Of the improvement of £756 million in the balance of payments on current account between 1951-52 and 1952-53, £722 million was due to an improvement in the trade balance. Australia's trade statistics in the last three years have shown extraordinary variations. There was a (then) record favourable balance of trade of £233 million in 1950-51 followed by a record unfavourable balance of £387 million in 1951-52 and another record favourable balance of £335 million in 1952-53. The value of exports decreased by £311 million in 1951-52 and increased by £184 million in 1952-53 and the value of imports increased by £309 million in 1951-52 and decreased by £539 million in 1952-53.

The decrease in exports between 1950-51 and 1951-52 was due mainly to a decrease of £318 million in the value of wool and sheepskins exported (changes in other items offset each other). The improvement in 1952-53 was spread over a number of items and the increase in exports of wool and sheepskins (£84 million) was less than one half of the total increase of £184 million. Table XIV (p. 18) shows that exports of butter increased by £16 million in 1952-53, exports of meats by £30 million and exports of "other foodstuffs" by £41 million (including an increase of £15 million for sugar and £8 million for barley). Exports of wheat and flour were approximately the same in both years.

Wool and sheepskins exported in 1952-53 increased more because of an increased quantity rather than an increased price. Exports of greasy wool were 823.9 m. lbs. in 1951-52 and 983.0 m. lbs. in 1952-53 (an increase of 19.3 per cent.). The average price of this wool was 81.1d. per lb. in 1951-52 and 87.1d. per lb. in 1952-53. Because of complications introduced by carry-overs of exportable wool at the end of June each year and by extra charges between auction price and f.o.b. value, this increase in price was somewhat less than the increase in average prices of greasy wool at Australian auctions - 72.4d. per lb. in 1951-52 and 81.8d. per lb. in 1952.53.

Following the deterioration in Australia's balance of payments situation in the second half of 1951 and the early months of 1952, overall import restrictions were introduced in March, 1952. The effects of these restrictions became apparent towards the end of 1951-52 and there was a steady decline in the monthly value of imports in the early months of 1952-53 until imports in November and December, 1952 were only £37/38 million compared with £114 million in January, 1952. There was a small recovery in January, 1953 but for the period January - June, 1953 the level of imports was stable at around £42/44 million per month. The import total for 1952-53 (£513 million) was less than one-half of the total of £1,051 million for 1951-52 and was less than either of the years 1949-50 and 1950-51.

Because of their special nature, the new import restrictions caused varying percentage decreases for individual commodities and countries in 1952-53. Tables XV (p. 18) and XVII (p. 19) show some of the principal movements between 1951-52 and 1952-53.

Australia's invisible transactions with the rest of the world resulted in an improvement of £34 million in 1952-53 compared with 1951-52 (a deficit of £198 million in 1951-52 and a deficit of £164 million in 1952-53. Table II (p. 4) shows that freight and insurance payments on the declining value of imports were reduced by £63 million in 1952-53 but increases in other debit items (principally government transactions overseas, oversea travel by Australians and personal remittances overseas) offset this decrease. These invisible items are discussed more fully in the next section.

It has been stated above that Australia's balance of payments on current account improved by £756 million in 1952-53 (from a deficit of £585 million in 1951-52 to a surplus of £171 million in 1952-53). Because of offsetting movements in some capital transactions the improvement in the change in international reserves was reduced to £650 million (a decrease of £464 million in 1951-52 and an increase of £186 million in 1952-53). These capital transactions are described in more detail on p. 7 but the principal reason for this difference was the fact that "Private Capital Movements and Balancing Items", which had resulted in an apparent inflow of funds of £81 million in 1951-52, produced an apparent outflow of funds of £37 million in 1952-53. This group of items (which is shown in Table I with a negative sign to indicate an inflow of funds into Australia, or an increase in Australian net liabilities abroad, and with a positive sign to indicate an outflow) is described in the notes to Table III. It consists of:-
(a) long-term capital investment in Australia by oversea interests and similar investment by Australian companies overseas, both of which can be directly estimated for all the years except 1952-53.

(b) Movements in the level of Australian currency holdings by foreign banks, and governments (which can be measured accurately) and
(c) a balancing item (item 22 of Table III) which is the difference between the actual movement in international reserves and the movement which would be suggested from items for which direct estimation is possible. This balancing item is to a certain extent due to errors and omissions in other sections of the estimates but it is believed to be due mainly to movements in short-term funds and to timing differences between the statistical recording of exports and imports and the crediting or debiting of the payments for these transactions against Australia's international reserves.

Under (a) above there was a net inward movement of funds amounting to £31 million in 1948-49, £57 million in 1949-50, £42 million in 1950-51 and £49 million in 1951-52. No estimate is yet possible for 1952-53 but available evidence points at least to a further net influx of funds. (This group consists of items 3, 4, 20a(ii), 20b(ii) and 21 of Table III but excludes profits re-invested in Australia.)

Under (b) there was an increase of £47 million in 1949-50 in the level of Australian currency holdings by foreign banks and governments but this was more than offset by decreases in the following three years.

Under (c) there were apparent inflows of funds of £104 million in 1948-49, £125 million in 1949-50, £45 million in 1950-51 and £68 million in 1951-52 but an apparent outflow of £29 million in 1952-53.

This net apparent outflow of funds under (c) in 1952-53 is at present the net of the "balancing item" as shown for the previous years and the items in group (a) (almost certainly an inflow) for which no estimate can at present be made. It therefore seems certain that the final 1952-53 estimates will have a balancing item representing a net outflow of funds considerably in excess of £29 million which cannot be explained from items which can be measured statistically. To a certain extent this item is probably due to payment during 1952-53 for imports which arrived in 1951-52 (the non-payment for these imports in 1951-52 producing an apparent inflow of capital) but it seems likely that in 1952-53 there was some outward movement of short-term funds temporarily held in Australia and possibly some reversal of the tendency towards accelerated payments for Australian exports and retarded payments for Australian imports which had caused substantial apparent inflows in the balancing items in the previous four or five years.

Balance of Payments on Current Account (Table II)

Table II (p. 4) shows Australia's balance of payments on current account in greater detail.

Reference has already been made above to the increase in exports and decrease in imports in 1952-53 compared with 1951-52. The printed report "The Australian Balance of Payments 1928-29 to 1949-50" contains a full account of the adjustments made to recorded trade statistics to arrive at the export and import statistics included in Tables I and II.

Invisible credit items decreased from £99.1 million in 1951-52 to £94.4 million in 1952-53. Among items which decreased, expenditure by oversea ships in Australian ports was reduced from £32.1 million in 1951-52 to £29.7 million in 1952-53 (and a reduced flow of migrants into Australia decreased the value of immigrants' funds and household effects from £19.4 million in 1951-52 to £12.3 million in 1952-53.

Offsetting these decreases, there was an increase in income earned on Australian private and official investments overseas (£9.2 million in 1951-52 and £13.0 million in 1952-53) and an increase in gold production. Australian gold production increased from 913,000 fine ounces in 1951-52 to about 1,040,000 fine ounces in 1952-53. Sales of gold on the premium market, which commenced in December, 1951, continued throughout 1952-53 and virtually the entire Australian production, less gold used in industry, was sold in this manner. Proceeds from Australian gold production rose from £14.2 million in 1951-52 to £16.0 million in 1952-53.

Invisible debit items decreased from £296.8 million in 1951-52 to £258.4 million in 1952-53 but freight and insurance charges on imports were the only individual items to decrease to any significant extent. The ratio of freight and insurance charges to the f.o.b. value of imports was 14.6 per cent. in 1951-52 and 17.6 per cent. in 1952-53. Thus although freight and insurance charges fell from £152.9 million in 1951-52 to £90.0 million in 1952-53 the decrease was not as great proportionately as the decrease in the value of imports. The main reason for the increase in the ratio of freight and insurance charges to f.o.b. value was the increased proportion of petroleum imports

TABLE II

AUSTRALIA : BALANCE OF PAYMENTS ON CURRENT ACCOUNT, 1948-49 TO 1952-53.

(£A million)

	1948-49		1949-50		1950-51		1951-52		1952-53 (Preliminary)	
CREDITS										
1. Exports f.o.b.		521.7		592.9		975.1		664.2		847.7
2. Gold Production		9.0		11.6		13.2		(a)14.2		(a)16.0
3. Transportation										
(a) Freight Earnings of Australian Ships	1.5		1.4		1.5		1.5		1.5	
(b) Expenditure by Oversea Ships in Australian Ports	23.1		24.6		28.9		32.1		29.7	
		24.6		26.0		30.4		33.6		31.2
4. Foreign Travel		3.4		4.1		3.4		3.4		4.3
5. Income from Investment										
(a) Direct Investment	1.3		1.7		2.4		1.9		2.3	
(b) Other	4.2		5.7		6.4		7.3		10.7	
		5.5		7.4		8.8		9.2		13.0
6. Government Transactions										
(a) Recoveries from Other Administrations etc.	3.3		2.8		1.7		2.4	-	2.0	
(b) Other	2.7		3.5		4.9		5.2		4.9	
		6.0		6.3		6.6		7.6		6.9
7. Miscellaneous		5.7		6.3		7.1		8.4		6.5
8. Donations and Reparations										
(a) Immigrants' Funds and Household Effects	10.8		14.0		17.3		19.4		12.3	
(b) Other	3.8		4.9		4.0		3.3		4.2	
		14.6		18.9		21.3		22.7		16.5
9. Total Credits		590.5		673.5		1,065.9		763.3		942.1
DEBITS										
10. Imports f.o.b.		415.1		538.1		741.9		1,051.5		512.7
11. Transportation										
(a) Freight on Imports	43.0		64.8		92.1		145.4		86.3	
(b) Insurance on Imports	2.9		3.8		5.2		7.5		3.7	
(c) Expenditure by Australian Ships in Oversea Ports	0.5		0.5		0.5		0.5		0.5	
		46.4		69.1		97.8		153.4		90.5
12. Foreign Travel		5.9		12.2		12.2		13.9		18.0
13. Income from Investment										
(a) Public Authority Interest	19.7		19.1		19.1		18.4		18.1	
(b) I.B.R.D. and I.M.F. Interest and Charges	-		-		-		0.7		1.7	
(c) Income from Direct Investment	12.2		13.3		17.5		17.5		23.0	
(d) Income from Portfolio Investment	4.4		5.8		6.5		7.5		8.0	
(e) Undistributed Income accruing to Oversea Parent Companies	6.0		16.3		23.1		24.3		20.0	
		42.3		54.5		66.2		68.4		70.8
14. Government Transactions										
(a) Public Authority Defence Expenditure	6.3		2.9		9.0		10.3		27.0	
(b) Other	10.5		9.8		11.7		15.4		13.0	
		16.8		12.7		20.7		25.7		40.0
15. Miscellaneous		11.5		11.2		15.1		17.6		15.0
16. Donations and Reparations										
(a) Personal Remittances	1.5		2.6		4.3		7.7		12.3	
(b) U.N.R.R.A., U.N.I.C.E.F. etc. and Colombo Plan	4.0		2.5		0.8		4.0		3.8	
(c) Gifts to United Kingdom	10.0		10.0		-		-		-	
(d) Other	5.7		5.2		5.3		6.1		8.0	
		21.2		20.3		10.4		17.8		24.1
17. Total Debits		559.2		718.1		964.3		1,348.3		771.1
Balance on Current Account		31.3		-44.6		101.6		-585.0		171.0

(a) Includes gold sold on the premium market valued at the price obtained.

(carrying a much higher than average ratio) in the sharply reduced value of total imports in 1952-53.

There was an increase in expenditure overseas by Australian tourists in 1952-53 (£18.0 million compared with £13.9 million in 1951-52). The increase can no doubt be attributed mainly to Coronation visitors to the United Kingdom.

Item 13(b) shows that interest and other charges in connection with dollars borrowed from the International Bank for Reconstruction and Development (I.B.R.D.) and dollars purchased from the International Monetary Fund (I.M.F.) had risen to £1.7 million in 1952-53.

The details given for income paid overseas on direct and portfolio investments in Australia are comparable for the last three years shown, indicating a substantial increase in 1952-53, but there is a possible break in continuity from 1950-51 when different methods of estimating this item were introduced. "Direct" investment in an Australian company here implies some measure of control by the oversea investor and "portfolio" investment is oversea investment in a locally controlled company.

While the figure for the amount of undistributed income accruing to oversea parent companies of Australian subsidiaries and to oversea head offices of Australian branches (Item 13(e)) in 1951-52 is now near-final (though still approximate), the figure for 1952-53 is purely nominal and may require considerable revision when the requisite data are available. As an equivalent figure is included in the balance of payments on capital account (representing the increased investment in Australia - see items 20a(i) and 20b(i) of Table III), any errors in the estimate for this item are not reflected in the final "balancing item" in Table III.

There was an increase of more than £14 million in expenditure overseas by Commonwealth and State Governments during 1952-53. This item (item 14) excludes expenditure on imports (which are already included with other imports in item 10), public authority interest payments (items 13(a), 13(b)) gifts and relief contributions to other countries and international agencies (items 16(b) and (c)) and a few minor items of expenditure which are more conveniently classified under "Miscellaneous" (item 15).

The only other invisible debit item which showed a significant change in 1952-53 compared with 1951-52 was "Personal Remittances", which increased from £7.7 million to £12.3 million. This item consists mainly of remittances to their home countries by immigrants into Australia. A large amount of the increase in recent years has been in respect of Italian migrants.

A detailed description of the individual items which are included in the groups shown in Table II is given in "The Australian Balance of Payments 1928-29 to 1949-50".

Balance of Payments on Capital Account (Table III)

Capital items in Australia's balance of payments which are shown on a net basis in Table I are separated in Table III into transactions which increase or decrease the value of Australia's international assets and transactions which increase or decrease the value of her international liabilities.

The principal movement among the assets in 1952-53 was the increase in international reserves of £186 million about which comment has already been made.

No estimate is yet available for the increase in Australian investment overseas during 1952-53 and the value of these items (items 3 and 4) will be reflected in the "balancing item" (item 22).

Included under "Other Government Transactions" are official imports for which pre-payments have been made. In the year in which the pre-payments are recorded there is a temporary increase in net Australian assets overseas but when the imports subsequently arrive in Australia, net assets overseas are reduced accordingly.

Australia reduced her international liabilities by £2.6 million in 1952-53 by repaying public authority debt domiciled overseas (see item 13). The amount of this debt repaid in 1951-52 was £2.3 million.

TABLE III.

AUSTRALIA : BALANCE OF PAYMENTS ON CAPITAL ACCOUNT, 1948-49 TO 1952-53.

£A million

	1948-49	1949-50	1950-51	1951-52	1952-53 (Preliminary)
INCREASE IN ASSETS					
1. New Zealand Public Debt Domiciled in Australia	- 0.6	- 0.3	- 0.8	-	-
2. Oversea Assets of National Debt Sinking Fund	0.1	-	-	-	-
3. Direct Investment Overseas					
(a) Branches	0.5	- 0.7	0.7	- 0.1)	
(b) Subsidiaries	0.3	0.3	1.0	- 2.1)	(a)
4. Portfolio Investment Overseas	- 0.3	- 0.3	- 0.3	-)	
5. Wool Credits to Czechoslovakia	-	0.6	- 1.2	-	-
6. Investment in Joint Organisation, etc.	14.1	- 6.4	- 11.6	- 31.1	-
7. Subscription to I.M.F. and I.B.R.D.	-	31.0	-	-	-
8. Other Government Transactions	-	-	1.7	6.0	- 4.6
9. Commonwealth and State Government Bank Balances held overseas with Private Banks	- 0.2	-	0.5	0.3)	
10. Monetary Gold Holdings	- 0.1	(b) 0.5	4.6	(b) 6.3)	186.2
11. Foreign Exchange Holdings	178.3	(b)185.2	188.3	(b)-470.3)	
12. Total Increase in Assets	192.1	209.9	182.9	-491.0	181.6
INCREASE IN LIABILITIES					
13. Public Authority Debt					
(a) Commonwealth - Long-term	0.2	- 4.8	- 1.9	- 0.6	- 0.6
(b) Commonwealth - Short-term	- 0.3	- 0.3	- 0.3	- 0.3	- 0.3
(c) States - Long-term	- 11.8	- 19.0	- 17.7	- 1.0	- 1.3
(d) States - Short-term	-	-	-	-	-
(e) Local Authorities	- 1.4	- 5.9	- 0.7	- 0.4	- 0.4
14. Increase (-) in Marketable Securities held in London by the Commonwealth Bank	- 1.5	-	-	-	-
15. Discounts and Cash Bonuses on the Conversion of Public Debt	-	-	-	-	-
16. Australian Currency Holdings of Foreign Banks and Governments	2.8	46.6	- 4.0	- 35.7	- 7.8
17. Joint Organisation Investments, etc. in Australia	31.5	0.1	- 9.8	- 31.8	-
18. Dollars Received from I.M.F. and I.B.R.D.	-	8.9	4.0	24.9	30.3
19. Other Transactions with I.M.F. and I.B.R.D.	-	31.0	-	-	-
20. Direct Investment in Australia					
(a) Branches					
(i) Unremitted Profits	0.7	7.5	8.0	4.3	4.0
(ii) Other	13.1	14.1	11.1	2.2	(a)
(b) Subsidiaries					
(i) Undistributed Income	5.3	8.8	15.1	20.0	16.0
(ii) Other	16.5	40.5	27.7	40.5	(a)
21. Portfolio Investment in Australia	1.8	1.9	5.0	3.6	(a)
22. Balancing Item	103.9	125.1	44.8	68.3	- 29.3
23. Total Increase in Liabilities	160.8	254.5	81.3	94.0	10.6
24. Net Increase in Assets	31.3	- 44.6	101.6	-585.0	171.0

(-) Denotes decrease.
(a) Not available - included in balancing item
(b) Excluding movements due to revaluation of holdings following devaluation of the Australian pound in September, 1949, and to other adjustments of an accounting nature during 1951-52 which were not due to balance of payments transactions.

Australian currency holdings of foreign banks and governments (see item 16) which had increased by £46.6 million in 1949-50 but had decreased substantially in the next two years, decreased further by £7.8 million in 1952-53 to a level below that at the end of 1948-49.

During 1952-53 Australia purchased $30 million (£13.4 million) from the I.M.F. and borrowed £16.9 million from the I.B.R.D. (see item 18). The full amount of £24.9 million shown for 1951-52 was borrowed from the I.B.R.D.

In items 20 and 21, oversea investment in Australian companies ("direct" when some measure of oversea control is involved and "portfolio" when the control remains in Australia) is shown as increasing by £66.9 million in 1950-51 and £70.6 million in 1951-52. The two principal methods by which this increased investment may be financed are as follows:-

(a) Retention, temporarily or permanently, of profits in Australia - finance by this method is shown for 1951-52 in items 20(a)(i) and 20(b)(i) as £24.3 million. A nominal figure of £20 million is shown for 1952-53. These figures also appear in item 13(c) of Table II (Balance of Payments on Current Account) and do not affect the level of international reserves in the period to which they relate, nor do they affect the value of the "balancing item".

(b) Remittances of funds to Australia or deferment of payment for goods shipped (or services rendered) to the Australian company - finance by this method is estimated at £46.3 million in 1951-52 (see items 20 (a)(ii), 20(b)(ii) and 21). No estimate is available as to the amount of this increased investment which occurred in 1952-53, and no entry is shown for items 20(a)(ii), 20(b)(ii) and 21 for that year. The value of these items is accordingly included in the "balancing item" (item 22)

This balancing item is necessary because of the fact that, by definition, the balance of payments on capital account must be identical with the balance of payments on current account (see Chapter I of "The Australian Balance of Payments 1928-29 to 1949-50"). If, from items for which direct estimation is possible, the two balances are initially not identical, the difference can only be due to omissions from the estimates or to errors in the calculations of some of the items. In order to achieve this theoretical balance, a "balancing item" is added to the capital account items. This should not be taken to imply that there are no errors or omissions in the balance of payments on current account but rather that the errors and omissions are considered to be predominantly of a short-term capital nature.

The balancing items necessary in 1950-51 and 1951-52 were £44.8 million and £68.3 million respectively (in both cases an apparent inflow of funds). In 1952-53, the balancing item (which for that period includes certain elements of long-term foreign investment, as explained above) was equivalent to an outflow of funds of £29.3 million. If the recent trend in long-term investment carried on into 1952-53, the apparent outflow of funds due to other sections of the balancing item must have been considerably greater than £29.3 million. On page 3 it has been stated that this apparent outflow might be due to the fact that some imports which arrived in 1951-52 were still being paid for during 1952-53, but it was also possible that some outward movement took place in 1952-53 of short-term funds temporarily held in Australia and that some reversal took place in the tendency in earlier years to accelerate payments for Australian exports and to delay payments for Australian imports.

Balance of Payments on Current Account - Various Countries

In Table IV (P. 8) Australia's balance of payments on current account in 1951-52 and 1952-53 is shown for individual countries grouped according to currency areas. Tables V and VI (pp. 10, 11) show similar statistics in summary form for the years 1948-49 to 1952-53 inclusive and for the six half years ended June, 1953.

The statistics in Tables IV - VI consist of

(a) the export and import statistics of Tables I and II classified according to country of destination or source.

(b) invisible estimates of Tables I and II classified as far as possible according to the country from which funds were received or the country to which payments were made.

TABLE IV.

AUSTRALIA : BALANCE OF PAYMENTS ON CURRENT ACCOUNT - VARIOUS COUNTRIES,

1951-52 AND 1952-53.

(- denotes debit; other items are credits)
(£A million)

	1951-52				1952-53 (Prelim.)			
	Exports f.o.b.	Imports f.o.b.	Invisibles	Total Current Account	Exports f.o.b.	Imports f.o.b.	Invisibles	Total Current Account
Sterling Area								
United Kingdom	208.6	-466.6	- 81.5	-339.5	346.7	-216.9	- 81.8	48.0
Arabia (a)	0.6	- 14.8	- 9.8	- 24.0	0.6	- 15.7	- 10.1	- 25.2
Borneo (British)	0.9	- 6.9	- 3.6	- 9.6	0.8	- 6.0	- 3.5	- 8.7
Ceylon	10.6	- 11.2	- 1.2	- 1.8	14.7	- 9.8	- 1.3	3.6
East Africa (British)	0.5	- 5.0	- 0.3	- 4.8	0.5	- 3.5	- 0.2	- 3.2
India	16.9	- 47.8	- 6.7	- 37.6	17.0	- 14.6	- 4.6	- 2.2
Malaya	8.5	- 18.6	-	- 10.1	9.3	- 5.8	0.5	4.0
New Zealand	37.3	- 6.5	1.1	31.9	29.9	- 3.6	- 0.4	25.9
Singapore	11.8	- 8.8	- 2.9	0.1	12.8	- 6.0	- 2.7	4.1
South Africa	3.5	- 4.4	- 1.3	- 2.2	3.7	- 3.1	- 0.3	0.3
Other	35.0	- 21.7	- 6.1	7.2	41.7	- 20.3	- 9.2	12.2
Total Sterling Area	334.2	-612.3	-112.3	-390.4	477.7	-305.3	-113.6	58.8
Dollar Area								
United States of America	77.4	-109.6	- 42.6	- 74.8	58.0	- 85.2	- 32.8	- 60.0
Canada	9.1	- 23.6	- 8.4	- 22.9	8.7	- 19.6	- 4.8	- 15.7
Other	2.6	- 1.6	- 0.6	0.4	2.1	- 2.2	- 0.7	- 0.8
Total Dollar Area	89.1	-134.8	- 51.6	- 97.3	68.8	-107.0	- 38.3	- 76.5
Non-sterling O.E.E.C. Countries								
Austria	0.5	- 6.5	- 0.7	- 6.7	0.6	- 1.2	- 0.1	- 0.7
Belgium (M.A.)	25.0	- 31.7	- 3.6	- 10.3	32.3	- 6.8	- 1.3	24.2
France (M.A.)	57.1	- 22.9	- 2.7	31.5	74.0	- 9.4	- 1.3	63.3
Germany, Federal Republic of	20.4	- 32.7	- 2.9	- 15.2	22.4	- 13.6	- 1.4	7.4
Italy	38.0	- 27.6	- 4.3	6.1	44.6	- 5.3	- 6.5	32.8
Netherlands (M.A.)	11.3	- 19.2	- 3.0	- 10.9	6.5	- 8.4	- 1.5	- 3.4
Norway	0.2	- 11.7	1.4	- 10.1	0.7	- 2.4	2.3	0.6
Portugal (M.A.)	1.2	- 1.0	- 0.3	- 0.1	1.0	- 0.3	-	0.7
Sweden	6.1	- 27.5	- 4.8	- 26.2	2.9	- 6.8	- 0.4	- 4.3
Switzerland	1.9	- 7.0	- 0.5	- 5.6	1.5	- 4.0	- 0.6	- 3.1
Other	4.7	- 1.4	0.4	3.7	4.2	- 0.7	- 0.4	3.1
Total Non-sterling O.E.E.C. Countries	166.4	-189.2	- 21.0	- 43.8	190.7	- 58.9	- 11.2	120.6
Other Non-sterling Countries								
Brazil	1.3	- 7.4	- 1.4	- 7.5	0.5	- 0.9	- 0.3	- 0.7
China	0.3	- 3.1	-	- 2.8	0.7	- 1.4	0.2	- 0.5
Czechoslovakia	1.3	- 6.5	- 0.5	- 5.7	2.7	- 1.0	- 0.1	1.6
Egypt	9.0	- 2.2	- 0.1	6.7	3.4	- 0.9	- 0.3	2.2
Finland	0.7	- 8.9	- 1.4	- 9.6	0.1	- 0.9	- 0.1	- 0.9
Indonesia	4.0	- 25.6	- 10.5	- 32.1	5.1	- 21.5	- 8.2	- 24.6
Japan	44.7	- 43.6	- 4.7	- 3.6	80.8	- 4.7	- 0.5	75.6
Poland	5.0	- 0.9	- 0.2	3.9	3.6	-	-	3.6
Russia	-	- 0.7	- 0.1	- 0.8	-	- 0.7	- 0.1	- 0.8
Other	8.2	- 16.3	- 6.0	- 14.1	13.6	- 9.5	- 4.4	- 0.3
Total other Non-Sterling Countries	74.5	-115.2	- 24.9	- 65.6	110.5	- 41.5	- 13.8	55.2
International Bodies	-	-	- 2.1	- 2.1	-	-	- 3.1	- 3.1
Gold Production	-	-	14.2	14.2	-	-	16.0	16.0
GRAND TOTAL:	664.2	-1051.5	-197.7	-585.0	847.7	-512.7	-164.0	171.0

(a) Excluding Saudi Arabia and Yemen. NOTE. M.A. = Monetary Area.

No attempt is made in these tables to classify transactions according to the currency in which payment was made and the current account balances shown accordingly do not measure Australia's net payments on current account of United States dollars, Belgian francs, etc. However, when estimates of that nature are required, tables IV - VI provide a satisfactory starting point and, in the section on Australia's dollar balance of payments, there is a description of some of the adjustments which must be made to arrive at a dollar balance of payments.

Table IV shows that Australia had a current account deficit with the dollar area of £76.5 million in 1952-53 but a surplus with each of the other three currency areas included in the table. Apart from the dollar area, the only countries with which Australia had a deficit greater than £5 million in her balance of payments on current account were three principal sources of her imports of petroleum products (Arabia with a deficit of £25.2 million, British Borneo, £8.7 million, and Indonesia, £24.6 million). In 1951-52 there were large deficits with each currency area shown and deficits exceeding £20 million with United Kingdom (£339.5 million), Arabia (£24.0 million), India (£37.6 million), United States of America (£74.8 million), Canada (£22.9 million), Sweden ([illegible] million) and Indonesia (£32.1 million).

Australia's balance of payments on current account improved by £756.0 million between 1951-52 and 1952-53. This over-all movement included improvements of £449.2 million with the sterling area, £20.8 million with the dollar area, £164.4 million with non-sterling O.E.E.C. countries and £120.8 million with other countries. Countries with which Australia had the greatest improvement between the two years were United Kingdom, £387.5 million (a deficit of £339.5 million in 1951-52 and a surplus of £48.0 million in 1952-53) India, £35.4 million (deficits of £37.6 million and £2.2 million), the Belgian Monetary Area, £34.5 million (a deficit of £10.3 million and a surplus of £24.2 million), the French Monetary Area, £31.8 million (surpluses of £31.5 million and £63 3 million), and Japan, £79.2 million (a deficit of £3.6 million and a surplus of £75.6 million).

The six largest surpluses on current account which Australia achieved with individual countries in 1952-53 were with Japan (£75.6 million), the French Monetary Area (£63.3 million), United Kingdom (£48.0 million), Italy (£32.8 million), New Zealand (£25.9 million) and the Belgian Monetary Area (£24.2 million).

Table V illustrates how Australia's balance of payments with the sterling area resulted in a rapidly mounting deficit between 1948-49 and 1951-52 (deficits of £25.5 million in 1948-49 and £390.4 million in 1951-52). Compared with 1951-52, Australian exports to the sterling area in 1952-53 increased by nearly £150 million and imports from the sterling area fell by more than one-half, resulting in a surplus of £58.8 million.

After deficits with the dollar area of £32/33 million in 1948-49 and 1949-50, Australia had a surplus of £60.8 million in 1950-51, due mainly to an increase of nearly £100 million in exports to United States of America. Australian exports to the dollar area in 1951-52 were little more than one-half of the 1950-51 total and the value of imports from the dollar area increased by more than 70 per cent. A deficit of £97.3 million resulted but this was reduced to £76.5 million in 1952-53 when a decrease in imports and net invisibles more than offset another appreciable decline in the value of exports.

Australia's surplus with non-dollar non-sterling countries and international bodies was £172.7 million in 1952-53 or about the same as the surplus in 1950-51. A large deficit of £111.5 million intervened in 1951-52. Australian imports from non-sterling O.E.E.C. countries increased from £35.2 million in 1948-49 to £99.9 million in 1950-51 and £189.2 million in 1951-52 but then fell by more than two-thirds to £58.9 million in 1952-53.

Movements in Australia's regional balance of payments in the six half-years up to June, 1953 are shown in Table VI. Between the second half of 1950-51 and the first half of 1951-52, Australia's current account balance deteriorated by £429.7 million but between the second half of 1951-52 and the first half of 1952-53, there was an improvement of £343.5 million. Compared with these enormous movements, the changes between the first and second halves of 1951-52 and of 1952-53 were comparatively small.

In the two halves of 1952-53, the deficits with the dollar area were about the same but, in the second half of the year, an increase of £44.3 million in the surplus with non-dollar non-sterling countries and international bodies more than offset a decrease of £22.8 million in the surplus with the sterling area.

TABLE V

AUSTRALIA : BALANCE OF PAYMENTS ON CURRENT ACCOUNT – CURRENCY AREAS.

1948-49 TO 1952-53

(– denotes debit; other items are credits)

£A million

	Gold Production	Sterling Area		Dollar Area			Other Non-Sterling		Total
		United Kingdom	Other	U.S.A.	Canada	Other	O.E.E.C.	Other*	
1948-49									
Exports f.o.b.	–	209.8	100.7	32.3	8.7	1.5	119.6	49.1	521.7
Imports f.o.b.	–	-214.2	- 71.1	- 43.9	- 12.5	- 0.2	- 35.2	- 38.0	-415.1
Invisibles (net)	9.0	- 49.6	- 1.1	- 14.7	- 3.4	- 0.2	- 1.7	- 13.6	- 75.3
Balance on Current A/c	9.0	- 54.0	28.5	- 26.3	- 7.2	1.1	82.7	- 2.5	31.3
		-25.5		- 32.4			80.2		
1949-50									
Exports f.o.b.	–	217.7	110.6	49.7	9.1	2.5	130.4	72.9	592.9
Imports f.o.b.	–	-286.6	- 82.8	- 54.8	- 13.7	- 0.2	- 50.3	- 49.7	-538.1
Invisibles (net)	11.6	- 59.0	- 6.9	- 21.5	- 3.5	- 0.2	- 4.2	- 15.7	- 99.4
Balance on Current A/c	11.6	-127.9	20.9	- 26.6	- 8.1	2.1	75.9	7.5	- 44.6
		-107.0		- 32.6			83.4		
1950-51									
Exports f.o.b.	–	316.6	108.8	149.0	17.2	4.2	253.1	126.2	975.1
Imports f.o.b.	–	-356.6	-127.5	- 61.6	- 17.0	- 0.2	- 99.9	- 79.1	-741.9
Invisibles (net)	13.2	- 65.8	- 19.0	- 25.8	- 5.1	0.1	- 7.7	- 21.5	-131.6
Balance on Current A/c	13.2	-105.8	- 37.7	61.6	- 4.9	4.1	145.5	25.6	101.6
		-143.5		60.8			171.1		
1951-52									
Exports f.o.b.	–	208.6	125.6	77.4	9.1	2.6	166.4	74.5	664.2
Imports f.o.b.	–	-466.6	-145.7	-109.6	- 23.6	- 1.6	-189.2	-115.2	-1051.5
Invisibles (net)	14.2	- 81.5	- 30.8	- 42.6	- 8.4	- 0.6	- 21.0	- 27.0	-197.7
Balance on Current A/c.	14.2	-339.5	- 50.9	- 74.8	- 22.9	0.4	- 43.8	- 67.7	-585.0
		-390.4		- 97.3			-111.5		
1952-53									
Exports f.o.b.	–	346.7	131.0	58.0	8.7	2.1	190.7	110.5	847.7
Imports f.o.b.	–	-216.9	- 88.4	- 85.2	- 19.6	- 2.2	- 58.9	- 41.5	-512.7
Invisibles (net)	16.0	- 81.8	- 31.8	- 32.8	- 4.8	- 0.7	- 11.2	- 16.9	-164.0
Balance on Current A/c	16.0	48.0	10.8	- 60.0	- 15.7	- 0.8	120.6	52.1	171.0
		58.8		- 76.5			172.7		

* Includes international bodies

TABLE VI.

AUSTRALIA : BALANCE OF PAYMENTS ON CURRENT ACCOUNT - CURRENCY AREAS

1950-51, 1951-52 AND 1952-53 (IN HALF YEARS)

(- denotes debit; other items are credits)

£Aust. million

	Gold Production	Sterling Area: United Kingdom	Sterling Area: Other	Dollar Area: U.S.A.	Dollar Area: Canada	Dollar Area: Other	Other Non-Sterling: O.E.E.C.	Other Non-Sterling: Other*	Total
1950-51 - First Half									
Exports f.o.b.	-	133.2	56.1	33.3	6.6	1.3	107.3	41.5	379.3
Imports f.o.b.	-	-170.2	- 54.3	- 25.2	- 8.0	- 0.1	- 41.6	- 34.2	-333.6
Invisibles (net)	6.6	- 28.7	- 8.4	- 12.7	- 2.7	-	- 3.5	- 8.3	- 57.7
Balance on Current Account	6.6	- 65.7	- 6.6	- 4.6	- 4.1	1.2	62.2	- 1.0	- 12.0
		- 72.3			- 7.5		61.2		
1950-51 - Second Half									
Exports f.o.b.	-	183.4	52.7	115.7	10.6	2.9	145.8	84.7	595.8
Exports f.o.b.	-	-186.4	- 73.2	- 36.4	- 9.0	-0.1	- 58.3	- 44.9	-408.3
Invisibles (net)	6.6	- 37.1	- 10.6	- 13.1	- 2.4	0.1	- 4.2	- 13.2	- 73.9
Balance on Current Account	6.6	- 40.1	- 31.1	66.2	- 0.8	2.9	83.3	26.6	113.6
		- 71.2			68.3		109.9		
1951-52 - First Half									
Exports f.o.b.	-	92.0	64.1	36.6	5.8	1.4	79.1	36.7	315.7
Imports f.o.b.	-	-235.6	- 88.9	- 40.9	- 10.8	- 0.4	- 96.2	- 60.4	-533.2
Invisibles (net)	6.7	- 42.3	- 18.4	- 18.9	- 4.5	- 0.1	- 9.3	- 11.8	- 98.6
Balance on Current Account	6.7	-185.9	- 43.2	- 23.2	- 9.5	0.9	- 26.4	- 35.5	-316.1
		-229.1			- 31.8		- 61.9		
1951-52 - Second Half									
Exports f.o.b.	-	116.6	61.5	40.8	3.3	1.2	87.3	37.8	348.5
Imports f.o.b.	-	-231.0	- 56.8	- 68.7	- 12.8	- 1.2	- 93.0	- 54.8	-518.3
Invisibles (net.)	7.5	- 39.2	- 12.4	- 23.7	- 3.9	- 0.5	- 11.7	- 15.2	- 99.1
Balance on Current Account	7.5	-153.6	- 7.7	- 51.6	- 13.4	- 0.5	- 17.4	- 32.2	-268.9
		-161.3			- 65.5		- 49.6		
1952-53 - First Half									
Exports f.o.b.	-	173.6	59.1	29.5	5.4	0.7	89.8	43.2	401.3
Imports f.o.b.	-	- 97.8	- 45.9	- 44.0	- 10.1	- 1.3	- 29.5	- 22.8	-251.4
Invisibles (net)	8.3	- 31.6	- 16.6	- 16.0	- 2.4	- 0.5	- 6.1	- 10.4	- 75.3
Balance on Current Account	8.3	44.2	- 3.4	- 30.5	- 7.1	- 1.1	54.2	10.0	74.6
		40.8			- 38.7		64.2		
1952-53 - Second Half									
Exports f.o.b.	-	173.1	71.9	28.5	3.3	1.4	100.9	67.3	446.4
Imports f.o.b.	-	-119.1	- 42.5	- 41.2	- 9.5	- 0.9	- 29.4	- 18.7	-261.3
Invisibles (net)	7.7	- 50.2	- 15.2	- 16.8	- 2.4	- 0.2	- 5.1	- 6.5	- 88.7
Balance on Current Account	7.7	3.8	14.2	- 29.5	- 8.6	0.3	66.4	42.1	96.4
		18.0			- 37.8		108.5		

* Includes international bodies

TABLE VII

AUSTRALIA - BALANCE OF PAYMENTS WITH THE DOLLAR AREA

1948-49 TO 1952-53

(AUSTRALIAN CURRENCY)

Credit Items (+), Debit Items (-)

	1948-49	1949-50	1950-51	1951-52	1952-53
	£AM	£AM	£AM	£AM	£AM
CURRENT ACCOUNT					
Merchandise Trade					
1. Merchandise exports f.o.b. to U.S.A. and Canada	+41.0	+58.8	+166.2	+ 86.5	+ 66.7
2. Merchandise imports f.o.b. from U.S.A. and Canada	-56.4	-68.5	- 78.6	-133.2	-104.8
3. Trade balance with U.S.A. and Canada	-15.4	- 9.7	+ 87.6	- 46.7	- 38.1
4. Trade balance with other American account countries	+ 1.3	+ 2.3	+ 4.0	+ 1.0	- 0.1
5. Trade balance with the Dollar Area	-14.1	- 7.4	+ 91.6	- 45.7	- 38.2
Other Current Transactions					
6. Freight on imports	- 8.3	- 9.6	- 10.0	- 26.9	- 16.7
7. Insurance on imports	- 0.6	- 0.8	- 0.7	- 1.1	- 0.8
8. Expenditure by Australian travellers	- 0.7	- 1.1	- 1.2	- 1.2	- 1.3
9. Expenses of Australian companies in North America	- 0.9	- 1.9	- 2.2	- 1.5	- 1.1
10. Film Remittances	- 1.1	- 1.5	- 1.8	- 2.6	- 2.0
11. Profits and dividends remitted	- 2.9	- 3.0	- 3.8	- 3.3	- 3.2
12. Undistributed income accruing to companies incorporated in dollar area	- 2.2	- 4.4	- 8.1	- 12.1	- 10.0(a)
13. Public authority interest payments	- 2.9	- 3.6	- 3.7	- 3.6	- 3.6
14. Other miscellaneous debits (from Table IV)	- 2.4	- 2.8	- 3.7	- 4.4	- 4.6
15. Miscellaneous credits (from Table IV)	+ 3.7	+ 3.5	+ 4.4	+ 5.1	+ 5.0
16. Other items (net)	- 4.6	- 8.5	- 11.8	+ 11.7	+ 23.5
17. Invisible balance with the Dollar Area	-22.9	-33.7	- 42.6	- 39.9	- 14.8
18. BALANCE ON CURRENT ACCOUNT (5+17)	-37.0	-41.1	+ 49.0	- 85.6	- 53.0
INVESTMENT ACCOUNT					
19. Increase in debt of public authorities	- 0.6	- 4.7	- 1.2	- 1.2	- 1.3
20. Undistributed income (see item 12)	+ 2.2	+ 4.4	+ 8.1	+ 12.1	+ 10.0(a)
21. Identified private capital inflow	+ 4.1	+ 7.6	+ 11.0	+ 17.4	} + 15.8
22. Balancing item	- 0.8	+18.8	- 35.2	- 16.9	}
23. BALANCE ON INVESTMENT ACCOUNT	+ 4.9	+26.1	- 17.3	+ 11.4	+ 24.5
24. DOLLAR SURPLUS OR DEFICIT (18+23)	-32.1	-15.0	+ 31.7	- 74.2	- 28.5
DOLLAR FINANCING					
25. Dollars purchased from I.M.F.	-	+ 8.9	-	-	+ 13.4
26. Dollar loans from I.B.R.D.	-	-	+ 4.0	+ 24.9	+ 16.9
27. Gold sales to United Kingdom	+10.0	+12.5	+ 9.5	-	-
28. Estimated dollar drawings from (+) or contributions to (-) Sterling Area Dollar Pool	+22.7	- 5.5	- 43.5	+ 59.3	+ 5.4
29. Movement in Australian dollar balances (increase -)	- 0.6	- 0.9	- 1.7	- 10.0	- 7.2
30. TOTAL:-	+32.1	+15.0	- 31.7	+ 74.2	+ 28.5

(a) Provisional estimate only

TABLE VIII

AUSTRALIA : BALANCE OF PAYMENTS WITH THE DOLLAR AREA

1948-49 TO 1952-53

(UNITED STATES DOLLARS)

Credit Items (+), Debit Items (-)

	1948-49	1949-50	1950-51	1951-52	1952-53
CURRENT ACCOUNT	U.S.$m	U.S.$m	U.S.$m	U.S.$m	U.S.$m
Merchandise Trade					
1. Merchandise exports f.o.b. to U.S.A. and Canada	+132	+138	+372	+193	+150
2. Merchandise imports f.o.b. from U.S.A. and Canada	-181	-173	-176	-298	-235
3. Trade Balance with U.S.A. and Canada	- 49	- 35	+196	-105	- 85
4. Trade Balance with other American account countries	+ 4	+ 5	+ 9	+ 2	-
5. Trade Balance with the Dollar Area	- 45	- 30	+205	-103	- 85
Other Current Transactions					
6. Freight on imports	- 26.7	- 24.3	- 22.2	- 60.4	- 37.3
7. Insurance on imports	- 2.1	- 1.9	- 1.7	- 2.4	- 1.8
8. Expenditure by Australian travellers	- 2.2	- 2.6	- 2.8	- 2.7	- 3.0
9. Expenses of Australian companies in North America	- 2.7	- 4.3	- 5.0	- 3.3	- 2.6
10. Film remittances	- 3.6	- 3.6	- 3.9	- 5.8	- 4.5
11. Profits and dividends remitted	- 9.3	- 8.2	- 8.5	- 7.4	- 7.1
12. Undistributed income accruing to companies incorporated in dollar area	- 7.1	- 11.1	- 18.1	- 27.1	- 22.4(a)
13. Public authority interest payments	- 9.2	- 9.1	- 8.3	- 8.0	- 8.0
14. Other miscellaneous debits (from Table IV)	- 8.0	- 6.5	- 8.3	- 9.9	- 10.5
15. Miscellaneous credits (from Table IV)	+ 12.0	+ 8.7	+ 9.6	+ 11.2	+ 11.0
16. Other Items (net)	- 14.8	- 21.1	- 26.3	+ 26.4	+ 52.7
17. Invisible balance with the Dollar Area	- 74	- 84	- 95	- 89	- 33
18. BALANCE ON CURRENT ACCOUNT (5+17)	-119	-114	+110	-192	-118
INVESTMENT ACCOUNT					
19. Increase in debt of public authorities	- 2	- 11	- 3	- 3	- 3
20. Undistributed income (see item 12)	+ 7	+ 11	+ 18	+ 27	+ 22(a)
21. Identified private capital inflow	+ 13	+ 19	+ 25	+ 39	
22. Balancing item	- 2	+ 47	- 79	- 37	+ 35
23. BALANCE ON INVESTMENT ACCOUNT	+ 16	+ 66	- 39	+ 26	+ 54
24. DOLLAR SURPLUS OR DEFICIT (18+23)	-103	- 48	+ 71	-166	- 64
DOLLAR FINANCING					
25. Dollar purchases from I.M.F.	-	+ 20	-	-	+ 30
26. Dollar loans from I.B.R.D.	-	-	+ 9	+ 56	+ 38
27. Gold Sales to United Kingdom	+ 32	+ 30	+ 21	-	-
28. Estimated dollar drawings from (+) or contributions to (-) Sterling Area Dollar Pool	+ 73	+ 2	- 97	+133	+ 12
29. Movement in Australian dollar balances (increase -)	- 2	- 4	- 4	- 23	- 16
30. TOTAL:-	+103	+ 48	+ 71	+166	+ 64

(a) Provisional estimate only.

Following the imposition of overall import restrictions in March, 1952 there was a reduction in total Australian imports from £518.3 million in the second half of 1951-52 to £251.4 million in the first half of 1952-53. Imports from United Kingdom were reduced by 58 per cent., imports from non-sterling O.E.E.C countries were reduced by 69 per cent. and imports from other non-dollar non-sterling countries by 58 per cent. between the two halves of calendar year 1952. In addition, imports from the dollar area were affected by a recall and review of outstanding import licenses and decreased from £82.7 million in the second half of 1951-52 to £55.4 million in the first half of 1952-53.

Between the two halves of 1952-53, Australian imports increased by £9.9 million but United Kingdom with an increase of £21.3 million was the only source shown in Table VI from which the value of imports increased.

Balance of Payments with the Dollar Area

Tables VII and VIII include estimates of Australia's balance of payments with the dollar area for the years 1948-49 to 1952-53 in Australian currency and in United States dollars respectively.

The statistics of Tables IV and V have been used as a starting point for the estimates in Tables VII and VIII but several adjustments have been necessary in order to estimate Australia's net balance of payments transactions involving dollars and hence the net results of her transactions with the Sterling Area Dollar Pool.

The trade statistics in Tables VII and VIII are identical with those in Tables IV and V and the invisible items 6 - 15 also appear in the dollar area sections of Tables IV and V. Included in other items (net)(item 16), however, are several **items** which make allowance for the fact that not all Australian transactions with the dollar area necessarily involve dollar payments or receipts and that some dollar receipts or payments are involved in Australian transactions with countries outside the dollar area. Principal among these transactions are receipts of dollars for exports to non-dollar countries (e.g. sales of gold on premium markets and dollars received from the Korean Government in payment for Australian barley exports); imports of dollar area origin for which payment in dollars is not required (these are included in item 2 and an offset is necessary); interest payments to sterling area holders of Australian dollar bonds (included in total dollar interest payments in item 13); dollar payments to international bodies; and the difference between the estimated dollar component of Australia's imports of petroleum products from all sources and the estimated c.i.f. value of her direct imports of petroleum products from the dollar area.

Australia's balance of payments on capital account with the dollar area is not shown but the "investment account" and "dollar financing" sections, taken in conjunction with the current account, show how Australia's surplus or deficit of dollars was financed through dollars received from the I.M.F. and I.B.R.D., sales of gold to the United Kingdom, drawings from or contributions to the Sterling Area Dollar Pool, and adjustments to Australia's dollar balances.

After allowing for both current account and investment account transactions Australia had a deficit of \$64 million with the dollar area in 1952-53 following a deficit of \$166 million in 1951-52 and a surplus of \$71 million in 1950-51 (see Table VIII). In addition to this improvement of \$102 million between 1951-52 and 1952-53, Australia received \$12 million more from the I.B.R.D. and I.M.F. in 1952-53 and added \$7 million less to her dollar balances. The result was that Australia's drawings of dollars from the sterling area dollar pool were \$121 million less in 1952-53 than in 1951-52 (drawings of \$133 million in 1951-52 and only \$12 million in 1952-53).

Australia's trade balance with the dollar area deteriorated by \$308 million between 1950-51 and 1951-52 but the adverse balance of \$103 million was reduced to \$85 million in 1952-53. Exports to United States of America and Canada decreased in value by \$43 million or 22 per cent. between 1951-52 and 1952-53 but the value of imports decreased by more than this amount (\$298 million in 1951-52 and \$235 million in 1952-53 - a decrease of \$63 million or 21 per cent.).

There was a reduction in 1952-53 of \$56 million in Australia's unfavourable balance on invisible account with the dollar area. \$30 million of this reduction occurred in items 6 - 15, which are comparable with the invisible items shown in Tables IV and V. Of this \$30 million, about \$24 million was due to decreased freight and insurance charges on a reduced level of imports (and to a certain extent to reduced freight rates) and about \$5 million to a reduction in undistributed income of Australian companies and branches accruing to companies incorporated in the dollar area (the 1952-53 figure is however, only notional at this stage). The improvement of $26 million shown in item 16 was mostly due to increased receipts of dollars for gold sold on the premium market (a full year's receipts in 1952-53 compared with little more than half a year's receipts in 1951-52) and to receipts of about $9 million from the Korean Government in 1952-53 in payment for exports of Australian barley (see discussion earlier in this section for other transactions included in item 16).

With an improvement of $18 million in the trade balance and $56 million in the invisible balance, Australia's adverse balance of payments on current account with the dollar area was reduced from $192 million in 1951-52 to $118 million in 1952-53.

Among the investment account items, there was a steady increase in the amount of dollar area funds invested in Australian companies during 1948-49 to 1951-52. These funds increased by $39 million in 1951-52, largely through increases in inter-company accounts outstanding between Australian subsidiary companies and their dollar area parent companies. No estimates will be available for 1952-53 for some time but, unless there was an appreciable increase in the rate of inflow of these "permanent" investment funds in 1952-53, the "balancing item" is not likely to have repeated the high negative figures of 1950-51 and 1951-52.

This balancing item in the investment account is due to the difference between the value of Australia's actual net transactions with the Sterling Area Dollar Pool and the amount which those transactions would have been expected to be from items which can be directly estimated. The item is similar to item 22 of Table III but includes also the dollar area element of item 16 of Table III (Australian currency holdings of foreign banks and governments) for which no separate details are shown in the dollar area tables.

Australia's balance on investment account with the dollar area was plus $54 million in 1952-53 compared with plus $26 million in 1951-52. Taken in conjunction with the adverse balances on current account of $192 million in 1951-52 and $118 million in 1952-53, this left Australia with deficits of $166 million and $64 million in 1951-52 and 1952-53 respectively. The manner in which these deficits were financed is shown in the "Dollar Financing" section of Tables VII and VIII and has been discussed above.

Australia's Monetary Gold and Foreign Exchange Holdings

Australia's official holdings of monetary gold and foreign exchange rose by £186.2 million during 1952-53, compared with a decrease of £481.1 million in 1951-52, of which £464.0 million was attributable to balance of payments transactions (see footnote to table III. p. 6).

The level of Australia's international reserves at June, 1953 was 51 per cent. higher than the level a year earlier in June, 1952 but only 65 per cent. of the level at June, 1951 and 84 per cent. of the level at June, 1950.

Table IX shows details as at June, 1948 to June, 1953.

TABLE IX

AUSTRALIA : MONETARY GOLD AND FOREIGN EXCHANGE HOLDINGS, 1948 TO 1953.

(£A. Million)

Last Wednesday in June	Official Gold Holdings	Foreign Exchange Holdings	Total International Reserves
1948	27.3	246.2	273.5
1949	27.2	424.5	451.7
1950	(a)39.3	(a)610.8	(a)650.1
1951	43.9	799.1	843.0
1952	50.2	311.7	361.9
1953	50.1	498.0	548.1

(a) Including revalued holdings held prior to 18th September, 1949.

Public Authority Debt Domiciled Overseas

Table X shows details of Australia's public authority domiciled overseas outstanding at 30th June of the years 1948 to 1953.

The Australian currency equivalent of the repayment of public authority debt in 1952-53 shown in the table was £2.6 million (see items 13(a) - (e) of Table III).

The statistics included in Table X exclude operations on the two loans of $100 million and of $50 million respectively from the International Bank for Reconstruction and Development. Drawings under these loans amounted to $9 million in 1950-51, $56 million in 1951-52, and $38 million in 1952-53.

TABLE X

AUSTRALIA - PUBLIC AUTHORITY DEBT DOMICILED OVERSEAS, 1948 TO 1953.

30th June	London					Total London £Stg. million	New York			Total New York £Stg. million (a)
	Commonwealth		States		Local Authorities		Commonwealth	States	Local Authorities	
	Long-term £Stg. million	Short-term £Stg. million	Long-term £Stg. million	Short-term £Stg. million	Long £Stg. million		term £Stg. million (a)	Long-term £Stg. million (a)	£Stg. million (a)	
1948	67.4	2.0	305.3	22.9	16.9	414.5	15.9	24.8	5.7	46.4
1949	67.7	1.7	296.2	22.9	15.9	404.4	15.8	24.7	5.5	46.0
1950	64.0	1.5	281.4	22.9	14.7	384.5	15.7	24.4	3.5	43.6
1951	62.9	1.2	267.6	22.9	14.4	369.0	(b)15.5	24.2	3.4	43.1
1952	62.8	1.0	267.2	22.9	14.3	368.2	(b)15.3	24.0	3.3	42.6
1953	62.7	0.7	266.6	22.9	14.2	367.1	(b)15.1	23.8	3.2	42.1

(a) Converted from United States dollars at the rate of £1 sterling = $4.8665

(b) Excluding I.B.R.D. Loans

Export and Import Price Indexes and the Terms of Trade

Tables XI and XII show the movements in indexes of Australian export and import prices between 1948-49 and 1952-53. The Commonwealth Statistician's index of export prices (excluding gold) showed a small increase of 2 per cent. between 1951-52 and 1952-53. The wool export price index rose by 9 per cent. between the two years but the index for items other than wool and gold fell by 7 per cent. (including a fall of 30 per cent. in the export price index for metals).

The Commonwealth Bank's import price index rose steadily from 1948-49 to 1951-52 and in 1951-52 the index had risen 46 per cent. above its level in 1948-49. A progressive decline occurred however in the first three quarters of 1952-53 and in the March quarter of 1952-53 the index was 8 per cent. below its level in 1951-52. The details for commodity groups in Table XII show that, of the groups included, the import price index for oils rose least between 1948-49 and 1951-52. The greatest increase between these years was for "other raw materials" but these have shown the sharpest decline in 1952-53. Of the three sources of origin shown the average price of imports from U.S.A. and Canada in 1952-53 was still at about its peak level but some decline was evident for imports from the United Kingdom. Prices for imports from other sterling area countries (which supply a large proportion of the "other raw materials") fell quite sharply from an index of 473 in 1951-52 to 376 in the December quarter of 1952-53.

As the export price index increased by 230 per cent. between 1946-47 and 1950-51 and the import price index by only 60 per cent., there was a substantial favourable movement in Australia's terms of trade in the post-war years prior to 1951-52.

In 1951-52, however, this favourable movement was reversed and the terms of trade which rose from an average of 100 for the three years 1936-37 to 1938-39 to 184 in 1950-51 fell to 119 in 1951-52.

There was a steady improvement from this level in the first three quarters of 1952-53 and by the March quarter the terms of trade had risen to 134.

TABLE XI.

AUSTRALIA : EXPORT PRICE INDEX, 1948-49 TO 1952-53

(Base of each Section : Average 3 years 1936-37 to 1938-39 = 100)

Year	Wool	Wheat	Butter	Metals (a)	Meats (b)	Sugar	Dried Fruits (c)	Tallow	Hides (d)	All Groups (Excluding Gold)
1948-49	365	413	233	478	171	343	162	499	421	348
1949-50	473	400	250	421	196	369	176	400	479	399
1950-51	999	432	271	689	209	410	226	356	752	690
1951-52	564	436	291	811	263	464	302	451	486	495
1952-53	(e)616	(e)441	313	504	314	501	297	358	369	(e)504

(a) Silver, copper, tin, zinc, lead.

(b) Beef, lamb, mutton, pork.

(c) Sultanas, lexias, currants.

(d) Cattle hides, calf skins.

(e) Subject to revision.

TABLE XII.

AUSTRALIA : IMPORT PRICE INDEX, 1948-49 TO 1952-53.

(Base of each Section : Average 3 years ended June, 1939 = 100)

	By Commodity Group					By Sources of Origin			
	Metals and Machinery (incl. Vehicles)	Other Manufactures	Oils	Other Raw Materials	Food Drink and Tobacco	United Kingdom	U.S.A. and Canada	Other Sterling Area	Index of Price of All Imports
1948-49	252	323	215	316	274	283	266	302	285
1949-50	276	333	242	366	304	290	338	340	309
1950-51	310	399	290	553	368	322	413	473	375
1951-52	352	465	292	595	366	374	449	473	416
1952-53									
Sept. Qtr.	363	417	287	452	371	366	453	382	391
Dec. Qtr.	364	401	284	440	370	360	454	376	385
Mar. Qtr.	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(a)382
June Qtr.	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)

(Source - Commonwealth Bank of Australia)

(a) Preliminary.

(b) Not available.

Details for the years 1948-49 to 1951-52 and the first three quarters of 1952-53 are given in Table XIII.

TABLE XIII

AUSTRALIA : TERMS OF TRADE, 1948-49 TO 1952-53.

(Base : Average 3 years 1936-37 to 1938-39 = 100)

Year	Export Price Index (a) (Commonwealth Statistician)	Import Price Index (Commonwealth Bank)	Terms of Trade
1948-49	348	285	122
1949-50	399	309	129
1950-51	690	375	184
1951-52	495	416	119
1952-53			
Sept. Qtr.	483	391	124
Dec. Qtr.	(b) 496	385	(b) 129
March Qtr.	(b) 513	(b) 382	(b) 134
June Qtr.	(b) 526	(c)	(c)

(a) Excluding Gold. (b) Preliminary. (c) Not available.

Recorded Trade Statistics, 1948-49 to 1952-53.

The increase of £183.9 million between 1951-52 and 1952-53 in the value of recorded exports (excluding gold) shown in Table XIV affected all the groups of exports in the table. The largest single increase was in exports of wool and sheepskins, which increased by £83.5 million between the two years. Substantial increases were also recorded in exports of "other foodstuffs" (£41.3 million, including £15.1 million for sugar and £7.9 million for barley) meats (£30.2 million) and butter (£15.8 million).

All the classes of imports shown in Table XV were affected by the fall of £539.6 million in the value of recorded imports (excluding gold) between 1951-52 and 1952-53. The sharpest proportionate falls occurred in imports of motor vehicles and parts (63 per cent. below the 1951-52 level) and of yarns, manufactured fibres, textiles and apparel (76 per cent. below the 1951-52 level).

TABLE XIV

AUSTRALIA : RECORDED EXPORTS, 1948-49 TO 1952-53 - PRINCIPAL COMMODITIES (EXCLUDING GOLD)

(£A. Million f.o.b.)

Year	Butter	Meats	Wheat and Flour	Other Foodstuffs	Wool and Sheep -Skins	Metals, Metal Manufactures and Machinery	Other Exports	Total
1948-49	23.8	29.8	98.2	78.2	238.8	38.8	35.1	542.7
1949-50	24.7	35.0	88.5	70.9	324.9	32.2	37.5	613.7
1950-51	18.5	30.4	107.0	75.2	655.3	40.3	55.1	981.8
1951-52	4.4	35.6	88.3	81.5	337.1	52.2	68.9	668.0
1952-53	20.2	65.8	89.7	122.8	420.6	61.4	71.4	851.9

TABLE XV

AUSTRALIA : RECORDED IMPORTS, 1948-49 TO 1952-53 - PRINCIPAL COMMODITIES (EXCLUDING GOLD)

(£A. Million f.o.b.)

Year	Foodstuffs and Tobacco	Oils, Fats and Waxes	Yarns, Manuf. Fibres Textiles, and Apparel	Machines and Machinery (excl.) electrical)	Motor Vehicles and Parts	Other Metals Metal Manufactures and Machinery	Other	Total
1948-49	28.1	43.2	109.2	40.8	34.3	52.9	105.6	414.1
1949-50	38.0	52.4	99.8	65.5	73.1	88.7	118.7	536.2
1950-51	47.7	69.8	138.7	86.3	74.1	129.4	195.4	741.4
1951-52	52.9	87.5	203.6	126.2	84.9	181.9	313.1	1050.1
1952-53	38.3	74.3	48.2	89.6	(a) 29.3	107.1	123.7	510.5

(a) The composition of this group in 1952-53 differs from that used for earlier years. On the new basis the equivalent figure for 1951-52 would be £80.2 million.

In Tables XVI and XVII details are included of Australia's exports and imports from 1948-49 to 1952-53 classified according to principal countries of destination and origin.

TABLE XVI

AUSTRALIA : RECORDED EXPORTS, 1948-49 TO 1952-53 - PRINCIPAL COUNTRIES OF DESTINATION (EXCLUDING GOLD)

(£A. Million)

Year	United Kingdom	Canada	New Zealand	Belgium	France	Germany	Italy	Japan	India	United States of America	Other	Total
1948-49	229.8	8.7	17.3	19.9	46.6	4.1	29.1	7.4	26.0	32.3	121.5	542.7
1949-50	237.5	9.0	21.3	27.5	40.7	16.6	19.4	24.0	37.0	49.6	131.1	613.7
1950-51	320.6	17.2	20.3	48.2	89.8	27.7	49.0	61.6	22.0	148.8	176.6	981.8
1951-52	207.9	9.1	37.3	24.9	53.7	20.4	38.0	48.5	16.9	77.2	134.1	668.0
1952-53	346.9	8.7	29.9	32.3	70.2	22.4	44.6	84.0	17.0	57.9	138.0	851.9

TABLE XVII

AUSTRALIA : RECORDED IMPORTS 1948-49 TO 1952-53 - PRINCIPAL COUNTRIES OF ORIGIN (EXCLUDING GOLD)

(£A. Million f.o.b.)

Year	United Kingdom	Canada	New Zealand	Belgium	France	Germany	Italy	Japan	India	United States of America	Other	Total
1948-49	209.3	12.1	3.7	3.6	4.0	1.8	3.8	1.7	25.9	41.5	106.7	414.1
1949-50	278.8	13.3	3.8	3.6	10.6	6.6	9.1	7.0	27.7	52.2	123.5	536.2
1950-51	356.9	17.0	3.1	11.4	16.4	14.7	16.7	15.6	35.4	60.9	193.3	741.4
1951-52	465.7	23.6	6.5	27.5	22.4	32.7	27.7	43.6	47.8	109.1	243.5	1050.1
1952-53	214.9	19.6	3.6	5.5	9.3	13.6	5.3	4.7	14.6	85.0	134.4	510.5

Note :- In years prior to 1950-51 the value of outside packages is included in "other". From 1950-51 the value of outside packages is distributed according to country of origin. The value of outside packages for imports from United Kingdom in 1948-49 and 1949-50 and an estimate of the amount for other countries is shown below:-

	United Kingdom	U.S.A. & Canada (a)	All other Countries (a)	Total
	£m.	£m.	£m.	£m.
1948-49	5.6	1.6	0.8	8.0
1949-50	7.1	2.0	1.8	10.9

(a) Estimate

S. R. CARVER
ACTING COMMONWEALTH STATISTICIAN

COMMONWEALTH BUREAU OF CENSUS AND STATISTICS
CANBERRA. A.C.T. 10TH SEPTEMBER, 1953

APPENDIX

RECONCILIATION BETWEEN PRESENT ESTIMATES AND "NATIONAL INCOME & EXPENDITURE, 1952-53".

In Table 5 - Balance of International Payments - and Table 6 Capital Account - in the Budget paper "National Income and Expenditure 1952-53" estimates are included of various components of the Australian balance of payments. (See also Tables V and VI in the Appendix to the paper).

The following schedule shows the manner in which balance of payments items in the above tables are related to items in Tables II and III in the present publication. To assist the comparison the actual values given to items for 1952-53, in each case, are included.

It will be noticed that while the magnitudes of comparable items or groups of items on each side of the schedule are the same (excluding small discrepancies due to rounding) the algebraic signs prefixing them are often opposed. This is due simply to the different methods of presentation adopted in the two sets of estimates.

National Income and Expenditure 1952-53 — Table 5 — Receipts of Rest of World

The Australian Balance of Payments 1948-49 to 1952-53 — Table II (Payments -)

Description	Value £Am.	Item No.	Description		Value £Am.
Imports of Merchandise	513	10	Imports f.o.b.		-512.7
Foreign Travel	18	12	Foreign Travel		- 18.0
Government Transactions	40	14	Government Transactions		- 40.0
Other payments for goods & services	105	11	Transportation	- 90.5	
		15	Miscellaneous	- 15.0	-105.5
Public authority gifts, relief, etc.	4	16(b)	UNRRA, UNICEF etc. and Colombo plan	- 3.8	
		16(c)	Gifts to United Kingdom	-	- 3.8
Private Remittances	20	16(a)	Personal Remittances	- 12.3	
		16(d)	Other	- 8.0	- 20.3
Public Authority Interest	20	13(a)	Public Authority Interest	- 18.1	
		13(b) Part	I.B.R.D. Interest and Charges	- 1.6	- 19.7
Other net rent, interest etc. payments	-4	5(b)	Other Income from Investment (Part)		
		13(c)	Income from Direct Investment (Part)		
		13(d)	Income from Portfolio Investment (Part)		4.1
		13(b)	I.M.F. Charges		
Net dividends & remitted profits	22	5(a)	Income from Direct Investment		
		5(b)	Other Income from Investment (Part)		
		13(c)	Income from Direct Investment (Part)		-22.2
		13(d)	Income from Portfolio Investment (Part)		
Undistributed Profits	20	13(e)	Undistributed Income accruing to Overseas Parent Companies		-20.0

National Income and Expenditure 1952-53 (Continued) | The Australian Balance of Payments 1948-49 to 1952-53 (Continued)

Table 5 — Outlay of Rest of World | Table II (Payments -)

Description	Value £Am.	Item No.	Description		Value £Am.
Exports of Merchandise & gold production	864	1	Exports f.o.b.	847.7	
		2	Gold production	16.0	863.7
Foreign Travel	4	4	Foreign Travel		4.3
Government Transactions	7	6	Government Transactions		6.9
Other receipts for goods & Services	38	3	Transportation	31.2	
		7	Miscellaneous	6.5	37.7
Private remittances	16	8	Donations		16.5
Net increase in indebtedness to rest of world	-171		Balance on Current Account		171.0

Table 6 — Net increase in indebtedness to rest of world | Table III (Increase in assets and decrease in liabilities +)

Description	Value £Am.	Item No.	Description		
Public authorities	19	1	New Zealand Public Debt domiciled in Australia	-	
		2	Oversea Assets of National Debt Sinking Fund	-	
		8	Other Government Transactions	-4.6	
		13	Public Authority Debt	2.6	
		14	Increase in Marketable Australian Securities held in London by the Commonwealth Bank	-	
		15	Discounts and Cash Bonuses on the Conversion of Public Debt	-	
		18 (Part)	Dollars Received from I.B.R.D.	-16.9	-18.9
Private	-17	3,20	Direct Investment in Australia (i) Undistributed Income	-20.0	
			(ii) Other	-	
		4,21	Portfolio Investment in Australia	-	
		5	Wool Credits to Czechoslovakia	-	
		6,17	Investment in Joint Organization etc.	-	
		16	Australian Currency Holdings of Foreign Banks and Governments	7.8	
		22	Balancing Item	29.3	17.1
Borrowing from I.M.F.	13	18 (Part)	Dollars Received from I.M.F.	-13.4	
Decrease in international reserves	-186	9	Commonwealth and State Government Balances Held Overseas with Trading Banks	- -	
		10	Monetary Gold holdings	-0.1	
		11	Foreign Exchange Holdings	186.3	186.2