

# Pattern of Trade

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## Definition

- Trade intensity refers an economies reliance on trade for economic growth
  - $(X+M)/GDP*100$
- Australia is the largest exporter in the southern hemisphere

## Trade Intensity

- Trade intensity is a measure of an economies reliance on trade for its economic growth
- Large economies like China and the USA have relatively low trade intensities due to the fact that they have large domestic economies
- The countries with the largest trade intensities are all members of the European Union

## Composition of Australia's Trade

- Over time Australia has shifted from an economy that primarily exports wool to an economy that primarily exports mineral resources such as iron ore and coal
- Australia is thus a price taker in the global economy due to the fact the majority of its exports are commodities
- However it must be noted that service exports are rapidly growing with education now Australia's third largest export
- Australia's largest imports remain manufactured goods such as cars

<b>Exports</b>	<b>Imports</b>
Iron ore	Personal travel
Coal	Cars
Education	Refined petroleum