

Importers Gaining Ascendancy

(8 April 2013 – Australia) Australian businesses are adapting to the ongoing elevated Australian Dollar environment by importing more and exporting less, according to new research by Australasia’s leading banking research and advisory firm, East & Partners.

Easts’ latest Trade Finance program indicates that in the past six months the trend for enterprises from all business segments is towards imports, with an average 1.6 percent increase in companies that import-only compared to an almost one percent fall in companies that export-only or both import and export.

A high Australian Dollar gives importers a distinct advantage, with East’s research showing the number of Institutional businesses engaged exclusively in importing rising almost ten percent from 22.4 percent in February 2010 to 32.1 percent in February 2013.

A similar surge is evident in the corporate market with the percentage of corporates assuming an import only profile rising 10.0 percent, from 64.4 percent in February 2010 to 74.6 percent in February 2013.

Import / Export Trade Profile

	% of Institutions					
	SME		Corporate		Institutional	
	Feb 2010 (N: 794)	Feb 2013 (N: 769)	Feb 2010 (N: 687)	Feb 2013 (N: 691)	Feb 2010 (N: 371)	Feb 2013 (N: 361)
Importing Only	78.3	85.6	64.4	74.6	22.4	32.1
Exporting Only	16.4	10.1	9.9	5.8	24.0	18.0
Both Importing & Exporting	5.3	4.3	25.7	19.6	53.6	49.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: East & Partners Trade Finance Markets Program

Conversely the number of enterprises engaged in exporting has continued to decline by an average of 5.5 percent.

The latest round of East & Partners’ research found businesses engaged exclusively in exporting has reached a low of 18.0 percent for the Institutional market, 5.8 percent in the Corporate market and 10.1 percent in the Small to Medium Enterprise (SME) market. The number of institutions engaged in both importing and exporting has seen a more subtle decrease.

East & Partners Pty Ltd

Level 39, 2 Park St Sydney NSW 2000 Australia

phone: +61 2 9004 7848 fax: +61 2 9004 7070

www.east.com.au

ABN: 23 151 025 599

Lachlan Colquhoun, East & Partners' Head of Markets Analysis comments: "This pattern is widely attributed to ongoing restructuring, offshoring of manufacturing and non-core business operations and comparative advantages offered by attaining cheaper importer goods instead of relatively more expensive domestically produced goods. This trend is also evident in the latest Australian Bureau of Statistics merchandise import figures indicating a rise in net merchandise imports of 1.5 percent, from A\$18,412 million to A\$18,956 million."

"As expected the main destination for materials and mining exports are China and India, however the high Australian dollar is having a clear effect on international competitiveness amongst falling commodity prices and increasing exports from countries with relatively depreciated currencies"

About East & Partners' Trade Finance Markets Program

Reliable and cost effective Trade Finance solutions are of strategic importance and are directly attributable to Relationship Positioning within Trade Customer Demographics, Market Share, Competitive Positioning, Service Factor and Customer Satisfaction levels between banks. The six-monthly Trade Finance Markets report forecasts demand for trade related banking services and products among institutional corporations constituting Australia's Top 500 corporations by revenue, corporate businesses constituting annual turnover of A\$20 – 530 million and SME's turning over A\$5 – 20 million.

Note: Business Depositor Segments:

- › Institutional – A\$530 million plus
- › Corporate – A\$20-530 million
- › SME – A\$5-20 million
- › Micro – A\$1-5 million

For more information or for further interview based insights from East & Partners please contact:

Sian Dowling
Marcomms & Client Services
East & Partners
t: 02 9004 7848
m: 0420 583 553
e: sian.d@east.com.au