

Should Australia be concerned about its reliance on primary exports. Discuss

Australia should be concerned about its reliance on primary exports, as many of the products we export are non-renewable, we import more than export, and the balance of payments may change. To help Australia's balance of payments with trade, we need to be more concerned about the amount of imports we take in, and the products we export, so in the future, Australia does not become overwhelmed with the negative impacts this may have on our country in the future.

Primary products are goods that are available from cultivating raw materials without the process of manufacturing. Industries that handle primary products are agriculture, fishing, mining and forestry. Secondary products come out of a production process in addition to the main product. The tertiary industry provides service to its consumers (such as schools, transport and restaurants), while the quaternary section is based on knowledge applicable to business activity (which usually involves the provision of services). Above are all the different types of exports that Australia has, however, we rely mostly on primary products, which may present a problem in the future.

Australia has a strong reliance on its primary exports. Some include mining, wool and meat produce. Minerals and oil also contribute to a large quantity of exports from Australia. Some of these exports are non-renewable which means that Australia cannot depend on these in the future. Therefore they should not rely too strongly on these. The non-renewable sources provide the framework for Australian products, although they cannot equally rely on the manufacturing of these primary resources constantly. Instead we must broaden our range to secondary, tertiary and quaternary exports. This is necessary so that Australia can maintain a balance of payments. As Australia relies on Primary exports this means we import a lot of manufactured goods that we depend on other countries which takes a lot of money. Because of the policy and climate change we should be concerned about this trend.

The share of Australian exports selling to China recently hit a record of 36%. Australia has become more reliant on China as a buyer of its exports than any other trading partner in the last 63 years. As we have a smaller labour market compared to other countries we are not making enough money. Australia's reputation as a producer of clean green and safe product has created high global demand for its exports, particularly the food industry. About two thirds of Australia's agricultural products are exported are meat and fish. The exporting and trade of Australia's primary resources play an important part in Australia's economic development. Although our exports are in high demand there is no balance of payments as we are importing more goods than what we are exporting. This creates an issue for Australia and its economic value, hence affecting the Australian community. Australia's heavy reliance on primary exports will cause problems in the future when the natural resources such as coal and oil it is based upon run out. Iron and coal account for 34% of our exports. Australia should quickly make more trading partners who would benefit Australia's balance of payments.

In conclusion the balance of payments refers to the relationship between imports and exports. For Australia to have a favourable balance of trade we need our exports to be greater than our imports. For this to occur for future years, Australia should be more concerned on its reliance on primary exports and possibly look into further methods of trade, such as secondary, tertiary and quaternary