

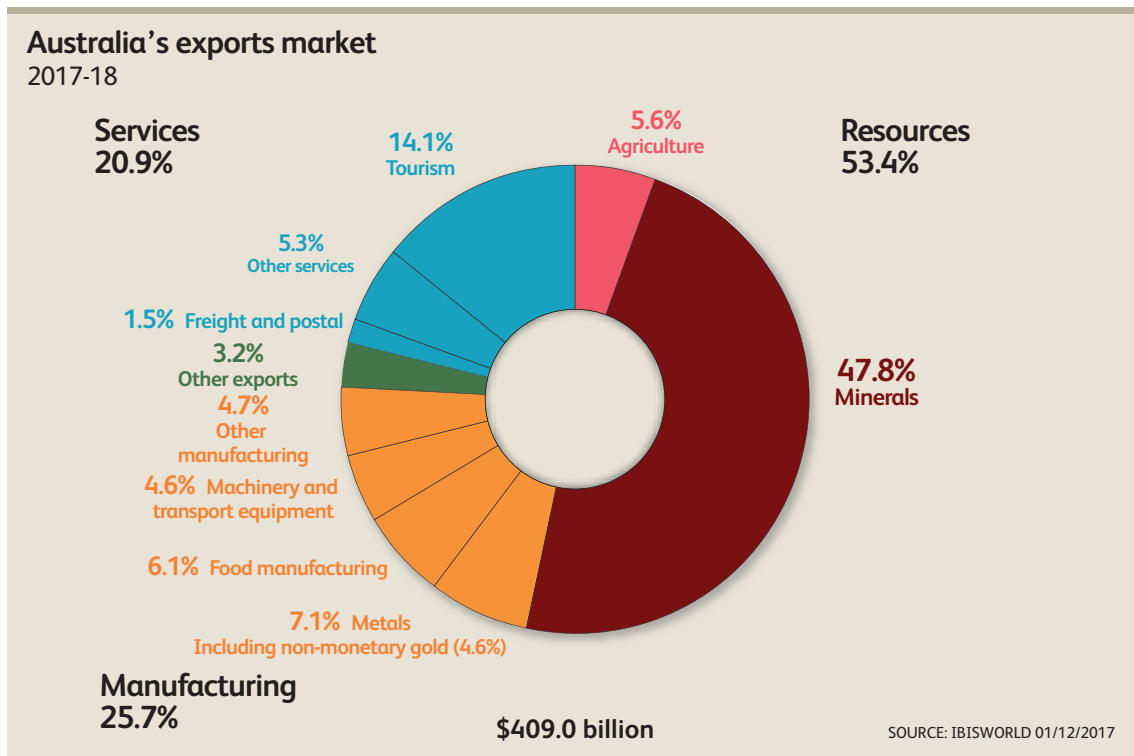
Natural Resources in Our Economy

IBISWorld Newsletter

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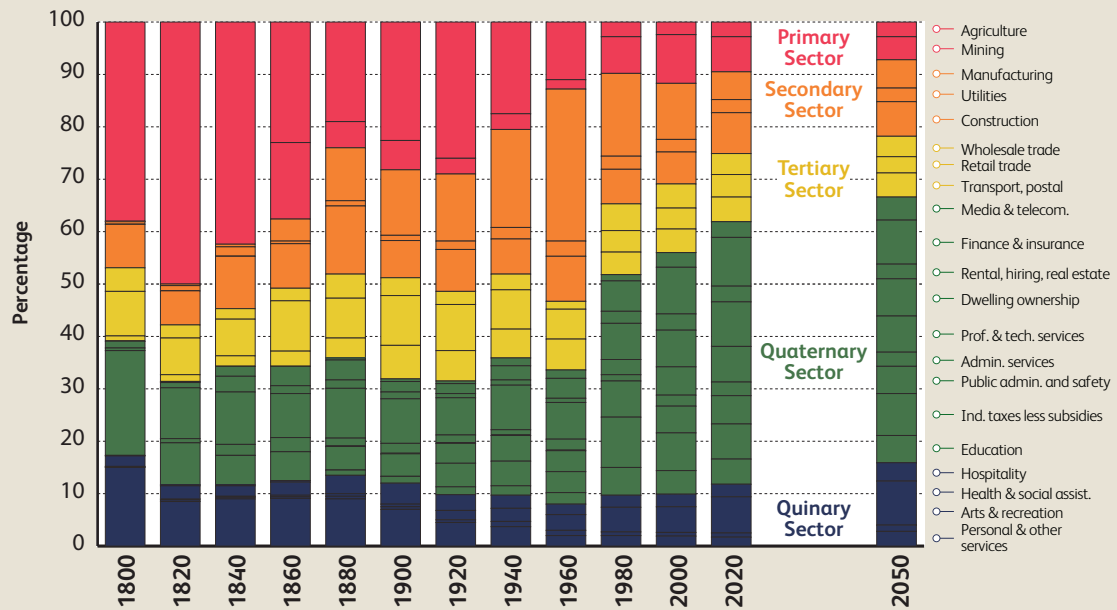
The world still believes that Australia has a resource-based economy, even though that ceased to be true well over 50 years ago. However, given that our exports are more visible to the world than our domestic economy, the perception is understandable. After all, our natural resources currently make up over half of our total exports, as seen below. Interestingly, tourism is now far more important than agricultural exports.



However, when it comes to our total economy, our natural resources of agriculture and mining account for just a tenth of GDP these days, a far cry from their once-dominant share.

Changing importance of industry divisions

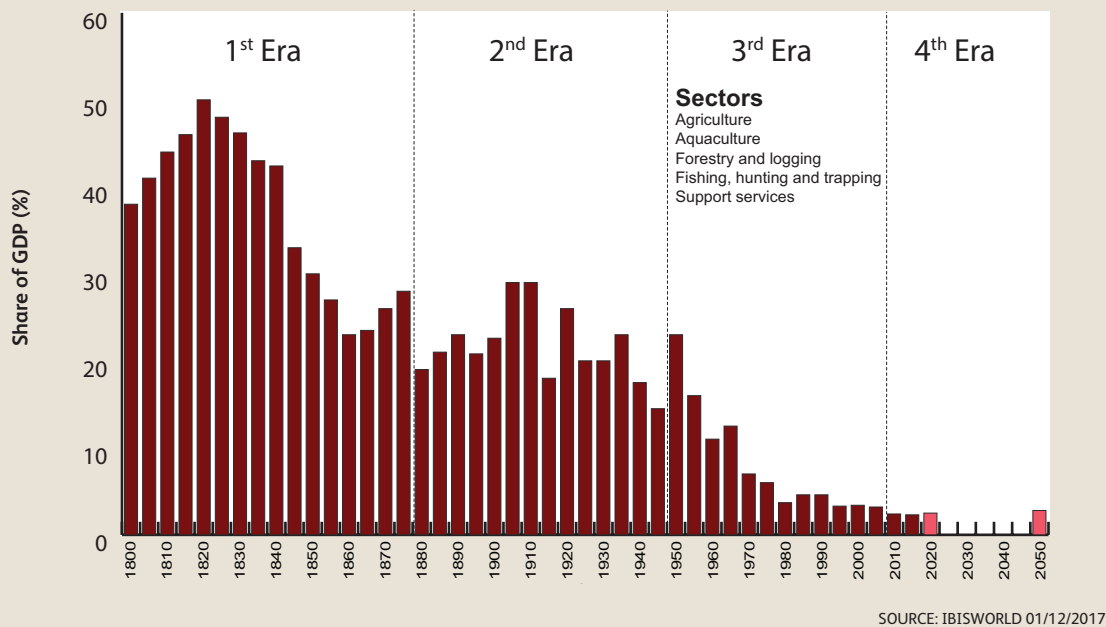
Australia, shares of GDP by industry division, 1800–2050



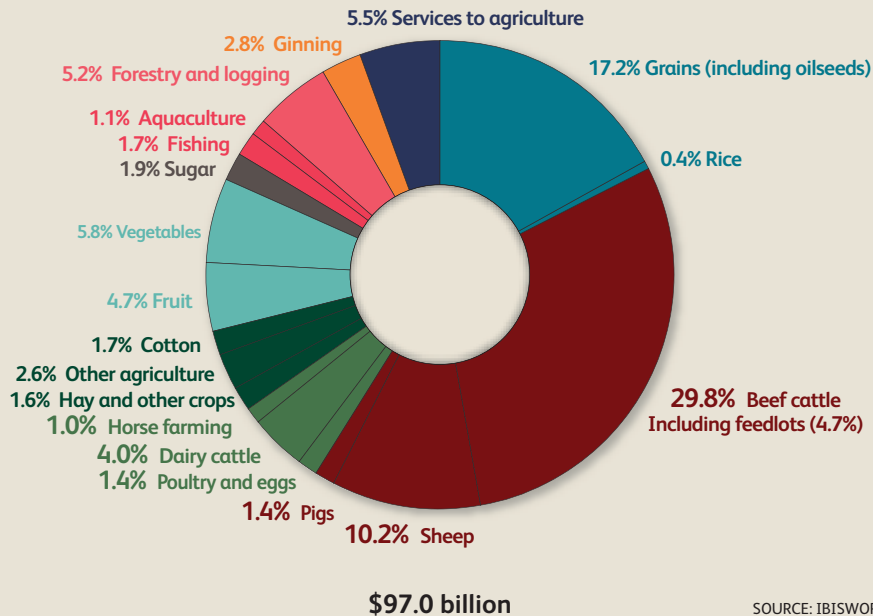
In the USA, their natural resources contribute just 2.3% of their GDP these days. The historical contribution of agriculture to our economy, and its current mix of activities, is shown below.

Eras in Australian agriculture

Value added share of GDP (%)



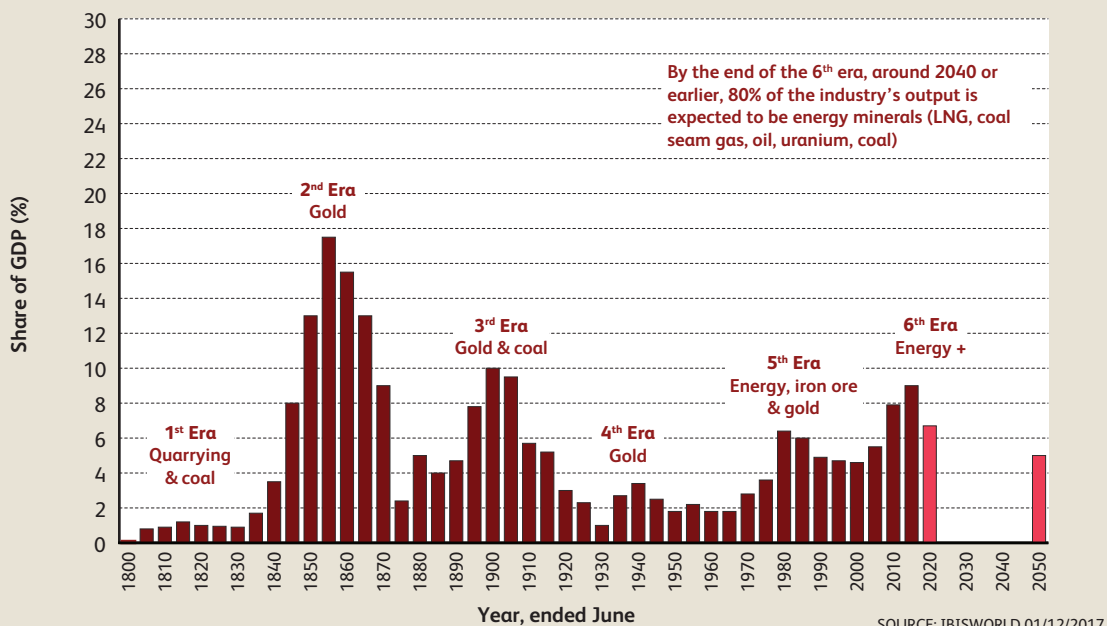
Agriculture, fishing and forestry 2017-18



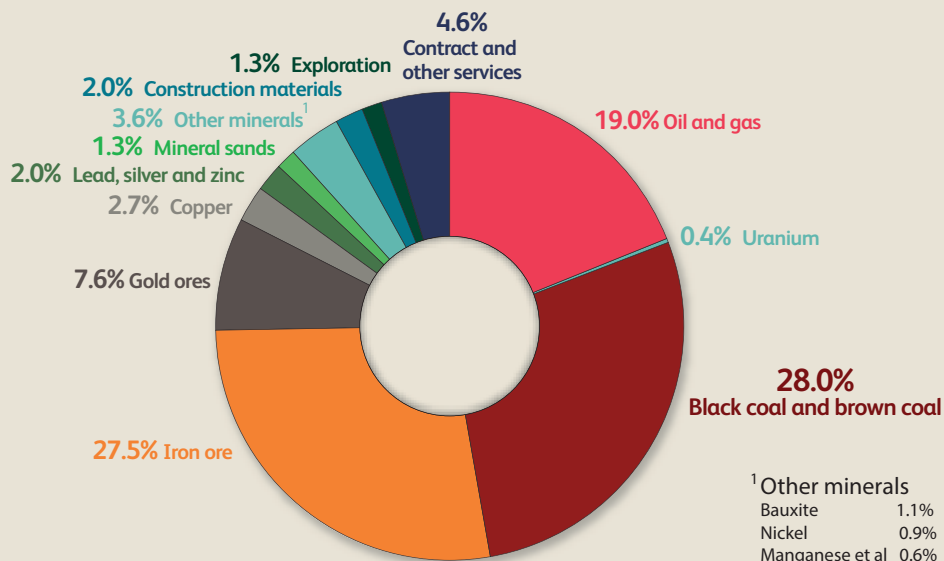
Our agricultural sector is likely to enter a fourth era in the 2020s, promising radical changes. Corporatisation with mega-buck investments is likely to increase, as seen in our mining sector from the 1960s onwards. Big changes to products and technology are also expected, as well as changing ownership models, including foreign ownership as seen in our mining sector. The equivalent exhibits of economic importance and composition for our mining sector are shown below.

Mining industry life cycle

Australia, value added as percentage of GDP (current price basis)



Mining
2017-18



\$220.0 billion

SOURCE: IBISWORLD 01/12/2017

¹Other minerals

Bauxite	1.1%
Nickel	0.9%
Manganese et al	0.6%
Gems	0.2%
Salt & other	0.8%

The mining sector is already into its sixth era since European settlement in 1788, and this era is being progressively dominated by energy minerals (coal, petroleum and uranium). Indeed, energy minerals will probably account for some 80% of all mining revenue by the end of this era, near the middle of the 21st century. Interestingly, it is likely that our natural resources will still account for a tenth or less of our GDP at that time.



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