



Export Council of Australia

The Voice for Australia's Exporters

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Committee Secretary
Joint Standing Committee on Treaties
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Parliament House
Canberra ACT 2600

Sent by Email to: jsct@aph.gov.au

Export Council of Australia Submission on the Free Trade Agreement between Australia and Korea (KAFTA).

The Export Council of Australia (ECA) is a not-for-profit, membership based organisation and the peak industry body representing Australia's exporters and importers. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industry sectors.

The ECA is actively involved in trade policy advocacy and in 2013 released the ECA's Trade Policy Recommendations to Government, which contains the organisation's position on key issues relating to trade, including trade agreements. The ECA is also actively involved in research; a recent example includes *Australia's International Business Survey 2014*, which is an in-depth investigation into export behaviour and was conducted in collaboration with Austrade, Efic and the University of Sydney. These core activities enable the ECA to develop programs and resources to assist Australia's international trade community and promote trade.

The ECA is grateful for the opportunity to provide a submission to the inquiry into KAFTA by the Joint Standing Committee on Treaties. Given Korea's importance to Australia on both a trade and diplomatic level, the ECA strongly supports KAFTA and the early entry into force of KAFTA. Without limiting the generality of this support, the ECA would wish to highlight the following specific elements that support the endorsement of KAFTA and its early adoption by Australia.

1. Korea is Australia's fourth-largest overall trading partner, with total two-way trade worth approximately \$30.5 billion in 2012-13. Korea was also nominated by respondents of *Australia's International Business Survey 2014* as the seventh most popular market companies are looking to target in the next two years.
2. While the ECA would prefer international liberalisation of trade to advance on a multilateral basis, in the absence of any foreseeable completion of the Doha Round of negotiations at the WTO, advances in liberalisation of international trade must occur, by default, pursuant to regional, bilateral and other Free Trade Agreements (FTA) or similar agreements. On that basis, the ECA is of the view that FTAs such as KAFTA represent a reasonable and desirable outcome to advance Australian trade.
3. The ECA is also of the view that negotiations regarding an FTA will not always deliver a "perfect" outcome in which both parties secure all their aims for now and the future. Like any other agreement, any FTA (including the KAFTA) represents a compromise outcome reflecting the respective negotiating strengths of the parties. On that basis the ECA believes that the KAFTA represents a sound commercial outcome, especially given the need for Australia to advance its interests where its other



competing trade partners have already secured FTAs with Korea.

The ECA believes that the KAFTA should not be seen as a static or 'settled' FTA and notes that its terms and benefits will continue to develop over time through the Committees established pursuant to the KAFTA. To this end the KAFTA can be seen as setting a sound basis for further liberalisation in the region, in particular for negotiations for the RECP.

4. The ECA is of the view that further work will be necessary on a number of fronts, including advancing the agenda for our exporters, assisting with trade facilitation and assisting with work to further streamline the Rules of Origin (ROO) under the KAFTA. The ECA notes with interest the position of other submissions that the ROO would benefit from improvement and would encourage Government to appoint members of relevant agencies to immediately establish full engagement with industry to further improve those ROO.
5. The ECA does not believe that the KAFTA is in any way inconsistent to any other negotiations to which Australia is a party such as the Doha Round, the Trade in Services Agreement, the Environmental Goods Agreement and the Trade Facilitation Agreement. Indeed, given the strong trading position of the parties to the KAFTA, those other Agreements will be advanced by the KAFTA.
6. The ECA is also of the view that the KAFTA is consistent with and does not detract from the parties obligations to each other within the APEC trading community
7. Without KAFTA being legally adopted, Australian exporters will remain disadvantaged as strong agricultural exporters such as Chile and the United States continue to benefit from preferential access, having both secured FTAs with Korea. Moreover, with another key competitor, Canada, recently concluding negotiations for a bilateral free trade agreement with Korea—and other countries quickly gaining ground—swift action is paramount in ensuring Australian exporters to remain competitive and retain market share.
8. Expediting KAFTA will benefit Australia by assisting to restore a level playing field for Australian companies trading with Korea. With tariffs of up to 300 per cent to be eliminated on Australian products such as beef, wheat, sugar, dairy, wine and seafood, it is imperative that the Government is moving quickly to ensure a speedy entry into force of the KAFTA.
9. The ECA is also concerned that delay in, or failure to adopt the KAFTA will compromise the ability of any future Australian Government to pursue negotiations with its current FTA or related agreements.
10. The ECA considers it essential that FTAs are truly liberalising and comprehensive in their coverage. In this regard commitments on services and investment are important and the ECA welcomes the outcomes of the KAFTA.

The ECA stands willing to provide further input and assistance where required.

Sincerely

Lisa McAuley
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