



Export Council of Australia

The Voice for Australia's Exporters

CHINA DEAL CLOSES OFF THE PROMISED TRIFECTA

Monday 17 November 2014

Australian exporters are set to benefit from an historic trade agreement signed today between Australia and its largest trading partner, China. The deal, which took a decade of negotiation, represents a victory for bi-lateral trade and an expansion of the economic relationship beyond minerals and resources says the Export Council of Australia.

This groundbreaking deal will liberate more than 90 per cent of Australia's exports under tariffs over the next four years. Beef, dairy, horticultural and services exporters are some of the biggest winners out of this historic deal. In particular, Australian exporters will benefit from:

- The removal of all tariffs on our **dairy products** (which can be as high as 20 per cent) within four to 11 years.
- The removal of tariffs of 12 to 25 percent on **beef** over nine years.
- The removal of tariffs on **live animal** exports of 10 per cent within four years.
- The removal of tariffs on **sheepmeat** of 12 to 23 per cent over eight years.
- The removal of tariffs of 14 to 20 per cent on **wine** over four years.
- The removal of tariffs on all **horticulture products**, ranging up to 30 per cent, most within four years.
- An Australia-only duty free quota for **wool** in addition to continued access to China's WTO wool quota.
- The removal of tariffs on **seafood**, including of 15 and 14 per cent respectively on rock lobster and abalone, over four years.
- The removal of tariffs across a range of **processed foods** including fruit juice and honey.
- The removal of tariffs on all **resources and energy products** including on coking coal on the first day of the agreement and non-coking coal within two years.
- **Health and aged care providers, tourism and hospitality** firms will be able to operate wholly Australian-owned business in China
- **Law firms** will be able to establish commercial associations with Chinese law firms in the Shanghai Free Trade Zone
- **Australian universities** will be able to market directly to Chinese students

Other services sectors, such as engineering and architecture, have also managed to secure greater access to the Chinese market through streamlining of licensing, a reduction in restrictions, and advances in the mutual recognition of qualifications. The ECA also welcomes the provision for further negotiations on access to China's government procurement market and the facilitation of trade through streamlined customs processes.

Director and Chair of the Trade Policy Committee of the Export Council of Australia, Andrew Hudson says while the agreement was never likely to deliver immediate comprehensive improvements to address all areas of trade, this agreement, like others, ultimately represents a compromise as to what is achieved now, what will be implemented over time, and what will be the subject of negotiations when the deal is officially reviewed in three year's time.

"While not everyone will be thrilled with every aspect of the deal, people should try to remember that this sets an important foundation for further development. The general principle is that after a decade, the Government has negotiated the best deal for now and that delaying the deal further would not have necessarily delivered better outcomes."

Under the China-Australia FTA, Chinese private investors will have the foreign investment review threshold increased to \$1,078 million dollars from \$248 million—in line with Australia's other FTAs—with the exception of purchases of agricultural land and agribusinesses. All investments by Chinese state-owned enterprises will continue to be subject to automatic foreign investment review.

“With a population of 1.3 billion, GDP of roughly 9.2 trillion and a growing middle class, the value of the Chinese market for Australian exporters cannot be understated.”

“This deal cements Australia’s position as an important trade partner of China and will give us an advantage over key competitors such as Chile and New Zealand, that have been enjoying preferential access due to their existing FTAs.”

“The Abbott Government and Minister Robb in particular should be proud of achieving what they set out to some 12 months ago—securing trade agreements with three of Australia’s most important trade partners in Asia, South Korea, Japan, and now, China. The Export Council of Australia looks forward to working with the Government and its agencies to ensure the trade community have the knowledge to be able to take full advantage of the benefits of the agreement,” Mr Hudson said.

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