

Australia's largest free trade agreement begins

By Isobel Drake

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Federal Trade Minister Simon Crean yesterday welcomed the commencement of Australia's largest free trade agreement - the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), with food exporters likely to be among the lead beneficiaries.

The historic agreement will span 12 economies with over 600 million people and a combined GDP of \$3.1 trillion.

"The commencement of this agreement is a major milestone and opens up significant opportunities for Australian businesses in one of the fastest growing regions in the world," Mr Crean said.

"With Asia leading the global recovery and six out of ten ASEAN markets expected to grow at rates at least double the forecast OECD average in 2010, there is great potential for Australian exporters to enter new markets."

"As of today, the Agreement covers around 70 per cent of Australia's trade with ASEAN countries with which we do not have bilateral FTAs."

The agreement includes:

- The immediate elimination of a 10 per cent tariff on \$9.6 million of Australian processed cheese exports to Malaysia
- The immediate elimination of a 5 per cent tariff on \$7.2 million of exports of fresh grapes to Malaysia
- The immediate elimination of a 3 per cent tariff on \$22 million of wheat exports to the Philippines
- The immediate elimination of a 5 per cent tariff on \$3 million of sheepmeat exports to the Philippines

"By 2020, the deal will eliminate tariffs on 96 per cent of our current exports to ASEAN nations," Mr Crean said.

ASEAN accounted for 15 per cent of Australia's trade, valued at \$83 billion in 2008-2009.

This is as large as Australia's trade with China, Australia's largest trading partner.

AANZFTA is Australia's first multi-country FTA. In addition to Australia and New Zealand, AANZFTA has entered into force for the following ASEAN countries: Brunei, Burma, Malaysia, the Philippines, Singapore and Vietnam.

Indonesia, Cambodia, Laos and Thailand are expected to ratify the Agreement in the early part of this year.

"I urge the Australian business community to take full advantage of the many benefits that this far-reaching agreement has to offer," Mr Crean concluded.

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