



AANZFTA - OVERVIEW

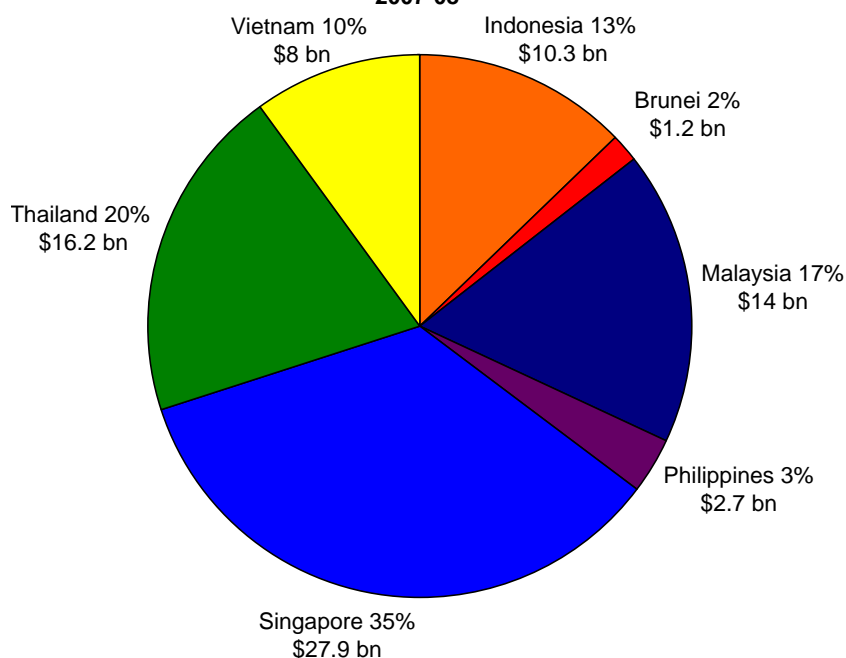
AANZFTA: a key new regional commitment to open markets

- AANZFTA is the first Free Trade Agreement Australia has signed since the onset of the global financial crisis
 - demonstrates the Government's commitment to providing a solid platform to support growth in Australia's trade and investment with the region.

ASEAN and New Zealand are key trading partners

- As a group, ASEAN and New Zealand constitute a larger trading partner for Australia than any single country¹
 - valued at \$103 billion in 2007–08, accounting for 21% of Australia's total trade
 - Australia's two-way trade with ASEAN has grown by an annual average of 10 per cent over the past decade – faster than Australia's trade with any of its top 10 commercial partners, except China.
- AANZFTA will cover an area with a combined population of 600 million, with an estimated GDP of US\$2.7 trillion.

AUSTRALIA'S TRADE WITH ASEAN - SHARE BY MEMBER COUNTRIES
2007-08



Note: Trade with the least developed countries of ASEAN (Burma, Cambodia and Laos) is negligible, amounting to around \$360 million in 2007–08.
Source: ABS Trade data on DFAT STARS database & ABS Regional Services series.

¹ Although AANZFTA is between Australia, New Zealand and ASEAN as an entity, it has separate market access commitments for each of the ten ASEAN member countries, with appropriate differentiation for the newer ASEAN member countries (Vietnam and the three least developed countries: Burma, Cambodia and Laos).

AANZFTA Overview

Comprehensive and forward-looking FTA

- . AANZFTA is the most comprehensive FTA ASEAN has concluded
 - covers goods, services, investment, intellectual property, e-commerce, temporary movement of business people, and economic cooperation
 - binds ASEAN tariffs and contains substantial tariff elimination commitments and WTO-plus commitments in other areas, which will strengthen Australia's commercial ties with the region
 - commitments will expand and deepen over time in line with development of the ASEAN Economic Community.

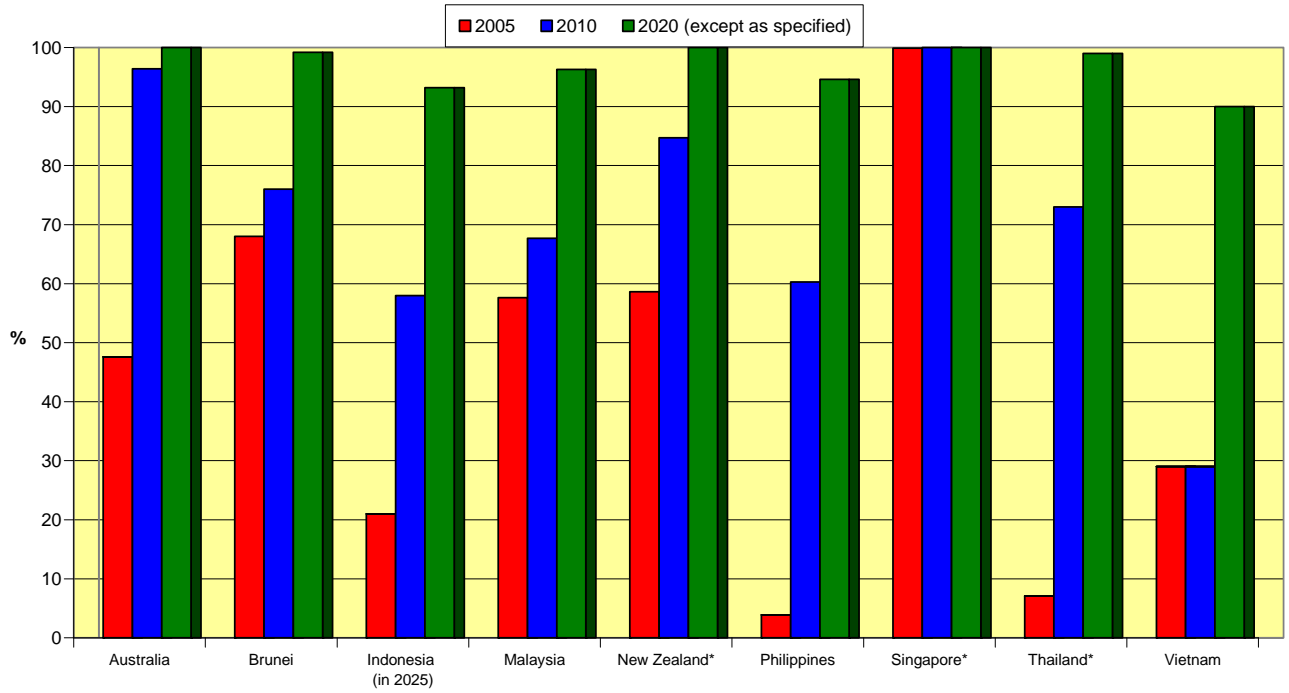
AANZFTA benefits include...

- * binding current low **tariffs**, and delivering over time tariff elimination from the more developed ASEAN member countries and Vietnam on between 90 and 100 per cent of tariff lines covering 96 per cent of current Australian exports to the region
- * supporting the development of more efficient and competitive industries through tapping into global supply chains through **regional rules of origin**
- * commercially meaningful improvements to existing WTO commitments across a range of **services** sectors, including professional services, construction and mining-related services, education, financial services and telecommunications
- * a significant regime of **investment** protections, an investor-state dispute resolution mechanism, and a forward work program for market access commitments on investment
- * a framework for countries to make commitments on **temporary business entry** of natural persons that go beyond services suppliers, to include goods sellers and investors
- * a substantial **economic cooperation** component to assist countries with the implementation of AANZFTA and to further economic integration, including the development of sound **intellectual property** systems and capacity to enforce intellectual property rights
- * built-in agendas and review mechanisms – in such areas as services, investment, rules of origin and non-tariff measures – to ensure that AANZFTA remains a '**living document**' that will have ongoing commercial relevance
- * helping to ensure that Australia's competitiveness in the region is not undermined as ASEAN countries negotiate FTA arrangements with other trading partners, and
- * enhancing Australia's participation in the region's evolving economic architecture.

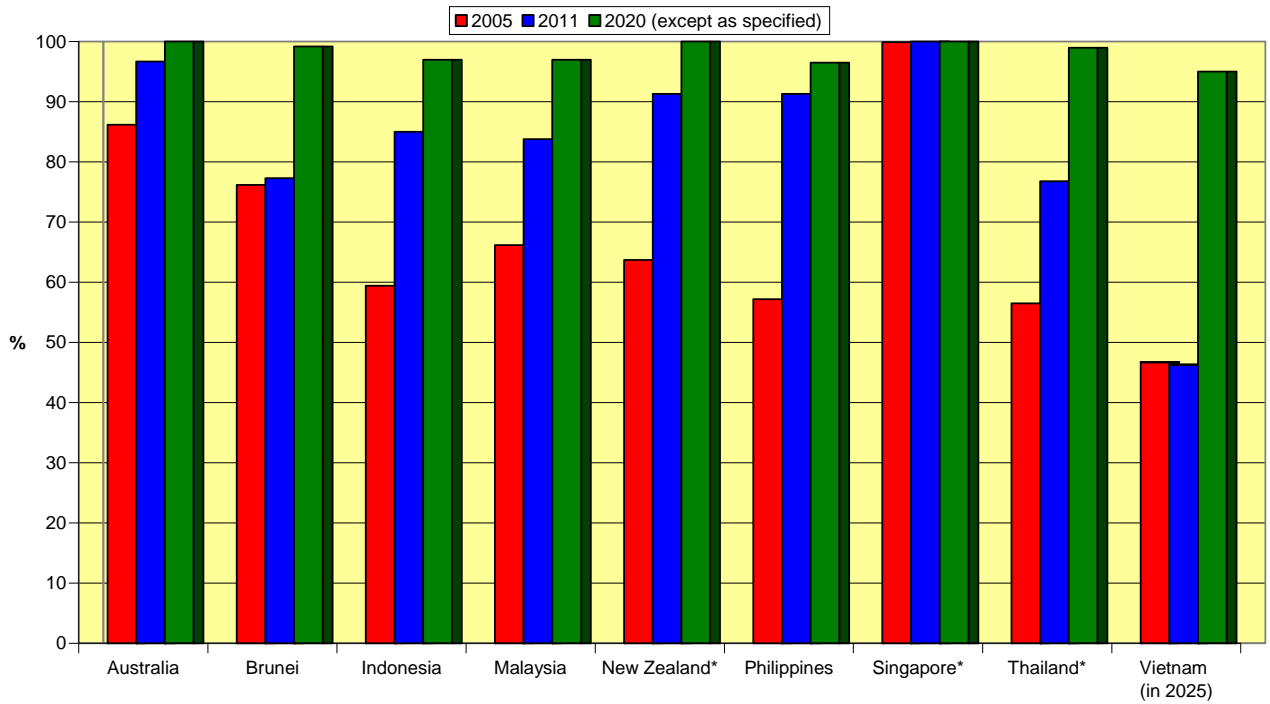
Entry into force

- . AANZFTA will enter into force between Australia and New Zealand and a minimum of four ASEAN members when national ratification processes have been completed.
- . In view of the time required for a number of AANZFTA parties to conclude their ratification processes it is expected that AANZFTA will enter into force late in 2009 and, in any event, no later than 1 January 2010.

AANZFTA: Proportion of Tariff Lines with Tariff-Free Treatment



AANZFTA: Proportion of Tariff Lines with 0-5% Tariffs



*Australia also has bilateral FTAs with these countries.