

VICTORIAN GOVERNMENT POSITION ON THE NEGOTIATIONS FOR AN AUSTRALIA-CHINA FREE TRADE AGREEMENT

The Victorian Government believes that whether or not a Free Trade Agreement (FTA) with China could be beneficial or detrimental depends on the details of such an agreement. Accordingly, the Victorian Government believes that an Australia-China FTA must, as a basic minimum, be conditional on the following:-

- i. it is comprehensive covering both tariff and non-tariff barriers to trade and investment;
- ii. there are effective domestic measures against the dumping of goods into the Australian market;
- iii. there is effective protection in China of intellectual property rights;
- iv. the exchange rate in China is able to freely move to its natural market level;
- v. there is free association of labour in China and the cost of labour is able to move to its natural market level; and
- vi. environmental regulations and standards are effectively enforced in each jurisdiction.

The Victorian Government requests the Federal Government:

1. provides a targeted transitional support package to assist the manufacturing sector in response to the estimated negative impacts of an Australia-China FTA;
2. ensures appropriate safeguards and phase-in periods are included in the FTA to allow companies to adjust to the new trading environment;
3. provides a labour adjustment package to assist the re-employment prospects of people displaced by the FTA;
4. requires that China commits to ensure that sub-national and provincial governments adhere to any conditions and requirements of an FTA and that there are effective means to ensure that national governments enforce such a commitment;
5. ensures that if Government procurement is included in an Australia-China FTA that the Agreement encompasses all government and state owned enterprises and addresses provincial, as well as national preferential industry policies; and that unfettered access to Australia's procurement market be withheld unless China allows genuine and widespread access to its procurement market;
6. achieves a consistent and uniform rules of origin system for all industries;
7. ensures effective enforcement of IP laws are a condition of an FTA (whether it forms part of the Agreement or operates outside it);
8. seeks the exclusion of investor-state dispute settlement provisions in the Australia-China FTA. However, the Victorian Government supports the Federal Government signing an MOU with the Chinese Government committing that China improve adherence to its own investment laws and grant foreign direct investors the same treatment as local investors (i.e. national treatment);
9. undertakes an assessment of the likely net impact of the final Agreement before it is ratified; and
10. ensures that the States and Territories are fully consulted throughout the negotiation process.