



Australian Government

Department of Foreign Affairs and Trade

**ASEAN-AUSTRALIA-NEW ZEALAND
FREE TRADE AGREEMENT
AANZFTA**



CREATING BUSINESS OPPORTUNITIES



AUSTRALIA • BRUNEI DARUSSALAM • BURMA (MYANMAR) • CAMBODIA • INDONESIA
LAOS • MALAYSIA • NEW ZEALAND • PHILIPPINES • SINGAPORE • THAILAND • VIETNAM

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) is creating new business opportunities in our region.

Ninety-six per cent of Australia's current goods exports will be tariff-free by 2020. This contrasts with 67 per cent tariff-free treatment prior to AANZFTA's entry into force on 1 January 2010. New export opportunities should also be created through significant tariff liberalisation.

The Agreement's regional rules of origin will provide new opportunities for Australian exporters to tap into global supply chains.

The AANZFTA promotes greater certainty for Australian service suppliers and investors, including through certain legal protections for investment in ASEAN territories.

The AANZFTA provides a platform for ongoing economic engagement with ASEAN through a range of built-in agendas, economic cooperation projects and business outreach activities.

ABOUT THE ASEAN-AUSTRALIA-NEW ZEALAND FTA

AANZFTA is now in force in Australia, Brunei, Burma [Myanmar], Malaysia, New Zealand, Philippines, Singapore, Thailand and Vietnam. The Agreement will enter into force for Laos and Cambodia in January 2011. Indonesia is working to complete its internal requirements at the earliest opportunity.

The Agreement covers an area with a combined population of over 600 million, with an estimated GDP of \$3.3 trillion.

Australia's total two-way trade with ASEAN and New Zealand was valued at \$97 billion in 2009, accounting for almost 20 per cent of Australia's total trade with the world. AANZFTA paves the way for even greater trade and investment flows.

There is scope to expand the investment relationship between Australia and ASEAN. For example, ASEAN is just as big for Australia's trade as our trade with the European Union. However, the European Union accounted for 31 per cent of our total foreign investment abroad in 2009, whilst ASEAN accounted for only three per cent. Similarly, the EU accounted for 35 per cent of the total stock of foreign investment in Australia in 2009 compared with three per cent in the case of ASEAN.

KEY MARKET ACCESS GAINS FOR GOODS

AANZFTA binds current low tariffs, and will see progressive tariff cuts on goods traded between the 12 Parties to the Agreement.

Tariffs will be eliminated on between 90 and 100 per cent of tariff lines from the more developed ASEAN member countries and Vietnam. This covers 96 per cent of current Australian exports to the region.

Examples of significant achievements:

- **Meat and Livestock:** tariffs on most meat tariff lines bound at 0% on entry into force (EIF) or phased to 0%, and existing liberal access for live bovine animals guaranteed.
- **Dairy products:** tariffs on all tariff lines bound at 0% on EIF or phased to 0% except for a few lines in Indonesia, two lines in the Philippines and three lines in Malaysia – subject to improved tariff quota access.
- **Iron and steel:** tariffs on a majority of tariff lines bound at 0% on EIF or phased to 0% , and most others bound at, or phased to, 10% or less.
- **New passenger motor vehicles:** early elimination of all tariffs in the Philippines.



USING AANZFTA TO EXPORT OR IMPORT GOODS

The key points to follow when using AANZFTA to export or import goods are set out below. Full details of AANZFTA's requirements are set out in the Agreement and its Annexes.

1. Check whether the Agreement has entered into force for each of the 12 signatories.

This information is available on the DFAT website: www.dfat.gov.au/trade/fta/asean/aanzfta

The provisions of the Agreement, including the tariff commitments and the rules of origin provisions, only apply to those countries for which AANZFTA has entered into force.

2. Check the tariff commitments applying to products of interest to you, and in countries of interest, in the AANZFTA tariff schedules in their HS 2007 format (for Indonesia this will occur before AANZFTA enters into force for it).

3. Check the rule of origin applying to your product.

4. If you are exporting a good to an AANZFTA Party:

- apply to an Issuing Authority/Body for a Certificate of Origin (COO) for each shipment;
- ensure that the importer has the COO so they can submit it to the Customs Authority at the time of import declaration for the shipment; and
- if you have not specified FOB value in Box 9 of the COO, ensure that a completed Exporter Declaration containing this information accompanies the COO.

5. If you are importing a good from an AANZFTA Party:

- ensure that you have a COO issued by an Issuing Authority in the exporting Party at the time of import declaration for the shipment.

SERVICES

AANZFTA binds existing levels of market openness in various service sectors.

A built-in review provision ensures that further improvements can be negotiated over time as ASEAN countries progressively liberalise their services sectors.

ASEAN countries have made commercially meaningful improvements on existing WTO commitments in a range of sectors, for example:

- Indonesia has committed to allow foreign equity participation of up to 80 per cent in insurance services.
- Malaysia has committed to allow joint ventures in higher education with foreign equity up to 51 per cent, subject to relevance of courses to Malaysia's education objectives.
- The Philippines has made commitments that allow up to 100 per cent foreign equity for construction of large scale mining development projects covered by a financial and technical assistance agreement under the Philippine Mining Act.
- In telecommunications, Australian suppliers will benefit from pro-competitive disciplines that aim to ensure a level playing field with major domestic suppliers in ASEAN countries, which may own or control essential network facilities.

INVESTMENT

AANZFTA provides more transparency and certainty for Australian investors in ASEAN countries. Investment protections require Parties to:

- apply fair and equitable treatment and full protection and security to investments;
- ensure non-discriminatory treatment in relation to measures for investors that have suffered losses due to armed conflict, civil strife or states of emergency;
- allow funds of an investor relating to an investment to be transferred freely and without delay, subject to specified exemptions; and
- ensure that investors receive prompt, adequate and effective compensation in the event of expropriation or nationalisation of an investment.

Investors may refer disputes about alleged breaches of these obligations by a Party to international arbitration.

MOVEMENT OF NATURAL PERSONS

A key sign of deeper economic integration is the ability of investors, service providers or salespeople from one country to enter and stay temporarily in another country, to explore business opportunities, negotiate and enter into contracts.

AANZFTA provides a framework for countries to make commitments on temporary business entry, covering all sectors of the economy.

AANZFTA also contains regulatory disciplines which will help to facilitate freer and more efficient movement of Australians who want to travel to ASEAN countries for temporary business purposes.

More information about AANZFTA:

www.dfat.gov.au/trade/fta/asean/aanzfta

<http://aanzfta.asean.org>