

# General Review of AANZFTA 2017

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## Submission to the Department of Foreign Affairs and Trade May 23, 2017

The Australian Chamber views AANZFTA as Australia's leading Free Trade Agreement and should be held up as the model agreement from which others should be based. It is well accepted and has provided benefits to our members and Australia in general.

We appreciate that the General Review is being conducted under a directive of the member Governments, however, we suggest that this review is premature given that the Regional Comprehensive Economic Partnership (RCEP) is under negotiation, along with the Indonesia-Australia Comprehensive Economic Partnership (IA-CEPA) and potentially a revised version of the TransPacific Partnership Agreement (TPP2). Collectively these other agreements cover one or more of the AANZFTA partners and if they enter into force are likely to have profound implications for the continued utilisation of AANZFTA.

The Australian Chamber has been a constant voice on behalf of concerns of our members about the increasing complexity of overlapping agreements and their compliance regimes and liability for the commercial trade. We have previously pointed out concerns over the "noodle bowl" effect of the situation where Australian exporters will need to navigate five separate market entry regimes with Malaysia and Singapore, and four with most other AANZFTA members once RCEP and TPP are operational alongside bilateral agreements, AANZFTA and MFN trade.

In fact we are of the view that both RCEP and any renewal of TPP should be based on AANZFTA. Such harmonisation would truly create the stepping stones needed to return to the WTO with complying plurilateral deals to which others could accede.

We have been deeply concerned about recent agreements that have considered issues such as the environment and labour issues which should never be considered within bilateral or regional arrangements. These are only matters for global or unilateral consideration and we urge that within this review they not be considered for any augmented agreement.

In negotiating these new agreements and for this review, consideration should be given to removing superseded bilateral agreements such as the Australia – Malaysia Agreements and the Australia – Thailand Agreement. Such removal would dramatically simplify trading arrangements for commercial stakeholders.

Hence we would not recommend any changes to AANZFTA at this time.

Notwithstanding the above comments, some potential areas where improvements could be made in the absence of progress on these other agreements are:

1. Total adoption of the first protocol.
2. That the CoO systems, and rules chapter generally, within AANZFTA are well adopted and successful and so should be the model with which to seek harmonisation. We note that ChAFTA has a very similar model and is also very successful in terms of compliance.

3. That the ASEAN secretariat management of templates, signatures and stamps needs to dramatically improve and overcome the numerous issues of validation of authorised documents and issuing stamps we experience.
4. The overleaf notes on certificates should not be required for presentation when seeking claims of preferential treatment at market entry points.
5. A “digital by default” approach should be adopted to document transfer and receipt in order to remove the need for paper based document exchange.
6. Continuous improvement training of border agents in all ASEAN members is needed to ensure they are fully aware of the agreement rules and procedures.
7. A commercially relevant disputes mechanism needs to be developed to deal with origin rules compliance that provides for dramatically improved services for sorting out origin disputes outside the Rules Committee processes.
8. One thing that would be useful to include in any upgrade is Australian access to the ASEAN open economy generally, and specifically the open skies arrangements.

We would welcome the opportunity to discuss this submission with you at any time.



### **About the Australian Chamber**

The Australian Chamber of Commerce and Industry speaks on behalf of Australian Businesses at home and abroad.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country,

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