

AUSTRALIAN COUNCIL of WOOL EXPORTERS & PROCESSORS INC



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Mr Ric Wells
Head
Korea Free Trade Agreement Taskforce
Department of Foreign Affairs & Trade
RG Casey Building
John McEwen Crescent
BARTON ACT 2600

By E-mail: ric.wells@dfat.gov.au

Dear Ric,

Possible Australia Republic of Korea Free Trade Agreement

Thank you for the opportunity to make a submission on this topic. The republic of Korea is a key market for Australian wool in terms of the consumption of end products, particularly of fine wool garments.

It was also a key export destination for Australian raw wool, with imports of wool in the greasy, scoured, carbonised and top form being in the order of 5 to 6% of Australia's exports during the 1990's and early part of the current decade. The figures were higher on a value basis as Korean mills concentrated on the better end of the Australian clip. Korea was consistently in the top six export destinations for Australian wool.

The expansion of China's lower cost early stage processing industry from 2002 on led to a decline in exports of greasy and semi-processed wool to Korea, falling to 1.6% in 2002/03 and remaining in that order up until today. As previously, these exports are concentrated on the better end of the clip; and Korea remains in the top five export destinations as China's increasing dominance has affected other countries in a similar way to that seen in Korea.

Australia's greasy and early stage wool exports to Korea are tariff free, although tariffs of 13% (last advice received) are applied to fabrics and garments.

Hence a Free Trade Agreement would be likely to have little impact on greasy or early stage processed wool exports to Korea unless another barrier was proposed in a trade-off for concessions granted to some other product. The wool industry would strongly oppose any such proposal.

There are opportunities to negotiate a removal of tariffs on fabrics and garments and we see opportunities for Australia's textile industries in achieving this.

We would appreciate being kept up to date on progress in the negotiations.

Yours sincerely,

Peter Morgan
Executive Director

cc Michael Avery President Australian Council of Wool Exporters & Processors
