

29 January 2009

BHP Billiton Limited  
BHP Billiton Centre 180 Lonsdale Street  
Melbourne Victoria 3000 Australia  
GPO Box 86A  
Melbourne Victoria 3001 Australia  
Tel +61 1300 55 47 57 Fax +61 3 9609 4372  
bhpbilliton.com

FTA Task Force  
Department of Foreign Affairs and Trade  
RG Casey Building  
John McEwen Crescent  
Barton. ACT 0221

Dear Sir

**Re : Submission on Australia-Korea Free Trade Agreement**

BHP Billiton supports the Australian Government negotiating a bilateral free trade agreement between Australia and the Republic of Korea.

A free trade agreement with Korea is an opportunity to build deeper trade and investment ties between our two countries. Strong trade and investment ties benefit both parties as they secure markets and assure security of supply.

BHP Billiton notes the modelling in the Joint Feasibility Study for the FTA, which reveals that comprehensive bilateral liberalisation of trade and investment would be welfare enhancing for both Australia and Korea.

BHP Billiton's annual sales to Korea are around US\$3 billion, which is a significant proportion of Australia's total merchandise exports of around US\$10 billion per year.

BHP Billiton is a major supplier of minerals and energy products to Korea. Many of these products are subject to nuisance tariffs that should be negotiated to zero under the FTA. Examples include – lead 2-5%; zinc 3-8%; copper 5-8%; nickel 2-3%; chrome 3%; aluminium 8%; coal 1%; and iron, zinc and lead ores 1%.

The Pohang Iron and Steel Company, or POSCO, is BHP Billiton's single largest customer in the world. The relationship between BHP Billiton and POSCO goes back to the founding of the modern Korean steel industry. With the strong Korean shipbuilding and automobile industry dependent on POSCO for steel, POSCO has been seen as the bedrock of Korea's industrial development over the past 40 years.

BHP Billiton's relations with Korea go well beyond the straight sale of raw materials for the production of steel. BHP Billiton is also engaged in technology cooperation with POSCO and BHP Billiton's Mining Area C project in the Pilbara includes POSCO as a joint development partner.

..2.

BHP Billiton supports a range of forums, such as the Australia-Korea Foundation, for dialogue and consultation between Australia and Korea. BHP Billiton is also active in the Australia-Korea Business Council, formed in 1978, which fosters two-way trade and investment through stronger commercial ties. BHP Billiton hosted the 29<sup>th</sup> Joint Meeting of the Australia-Korea Business Council and Korea-Australia Business Council held in Melbourne in October 2008.

BHP Billiton is pleased to provide this support for the negotiation of a bilateral FTA with Korea. BHP Billiton believes that obtaining industry views on the FTA and business comments on commercial matters relevant to the negotiations is important for harnessing the support of the private sector. In this regard, BHP Billiton would like to reserve the right to provide advice and comment to the Australian Government as the negotiating process unfolds.

Yours sincerely



Bernie Delaney  
Vice President Government Relations