




Investment & Financial Services Association Ltd
ACN 080 744 163

30 January 2009

Mr Ric Wells
Head, Korea FTA Task Force
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221


Dear Mr Wells

Re: Australia-Republic of Korea free trade agreement (FTA)

Thank you for this opportunity to comment on a possible Australia-Republic of Korea free trade agreement.

The Investment and Financial Services Association Limited (IFSA) is an Australian not-for-profit organisation which represents the retail and wholesale funds management, superannuation and life insurance industries. IFSA has over 145 members who are responsible for investing over \$1 trillion on behalf of more than ten million Australians.

IFSA believes Australia has a genuine opportunity to become a major exporter of financial services. Economic research commissioned by IFSA has shown that lifting finance and insurance exports as a share of Australian GDP from the current 2.9 per cent to 5 per cent would involve an eventual \$3.7 billion stimulus to the Australian economy in today's prices.

More specifically, free trade agreements present an opportunity to address a number of common "behind the border" barriers which will facilitate increased levels of funds management exports. These barriers include:

- foreign restrictions on in-bound and out-bound capital/investment flows;
- foreign regulatory requirements limiting the operations of foreign fund managers, such as through foreign equity caps and other requirements for joint ventures;
- discriminatory tax settings for off-shore funds, discouraging investment by locals in off-shore managed funds; and
- non-recognition of Australia's financial services regulatory regime.

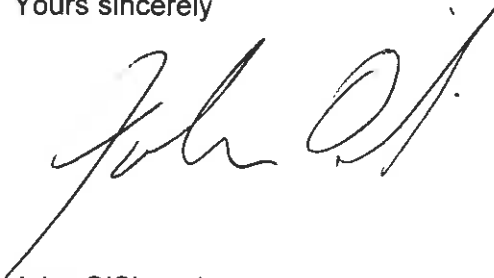
Feedback from our members indicates that Korea is seen as one of the most attractive markets in Asia at the present time.

Importantly, a number of our members are already active in the Korean market and as a result we are aware of a number of technical issues that any potential free trade agreement could readily address.

IFSA therefore supports an Australia-Republic of Korea free trade agreement and strongly endorses the inclusion of an Investment and Financial Services Chapter within any agreement. This Chapter should be seen as an opportunity to improve access for Australian financial services providers through mitigating barriers of the type outline above.

IFSA looks forward to participating in further consultation rounds regarding an Australia-Republic of Korea free trade agreement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John O'Shaughnessy', written in a cursive style.

John O'Shaughnessy
Deputy Chief Executive Officer