

23 February 2016

Australia-European Union Free Trade Agreement
Europe Division
Department of Foreign Affairs and Trade
R.G. Casey Building
John McEwen Crescent
BARTON ACT 0221

Email: a-eufta@dfat.gov.au

Subject: Submission in Relation to a Proposed Australia-EU Free Trade Agreement

I write in response to an invitation for submissions from interested parties on issues relating to a proposed Australia-European Union Free Trade Agreement. Ford Australia, like its parent the Ford Motor Company, is a strong advocate of the principles of genuine, unhindered and fair trade. With representation in many global markets on every continent, including a significant and enduring presence in the EU, Ford Motor Company has a well-developed global perspective combined with substantial experience as a major exporter / importer of motor vehicles and automotive parts.

Ford Australia is in full support of an Australia-EU Free Trade Agreement and would welcome a speedy resolution to negotiations because properly conceived and executed Free Trade Agreements deliver many real benefits to participants. These include the generation of economic activity with prospects for employment and income growth, the opportunity for expansion into new services and industries, and the potential for exchange of ideas, intellectual property and other cross-border benefits which flow from increased reciprocal trade.

To unlock the value associated with a potential trade pact with the European Union, Ford Australia recommends the full elimination of Australian tariffs on imported new vehicles and replacement service parts to be effective from January 2018 or at entry into force of the Agreement, whichever is earlier. Similarly, Ford Australia encourages a timely pace in the conduct of negotiations to increase the trading opportunities for the member economies.

As a supporter of genuine and fair trade opportunities, Ford Australia promotes the inclusion of clear and enforceable provisions which prohibit currency manipulation through intervention by signatory / member countries to all negotiated agreements. It is important that this issue be raised and addressed in the preliminary negotiating phase to ensure these provisions are considered and addressed well before the concluding phase of trade agreement negotiations. Ford Australia also urges appropriate dispute settlement mechanisms and remedies be included up-front to any completed pact alongside transparent and binding currency manipulation provisions.

The resulting distortion from currency manipulation practices to exchange rates has the very real potential to eliminate any market access benefits gained from the agreed removal of import tariffs. The potential impact of currency manipulation on trade competitiveness has escalated significantly in recent years as the traditional barriers to trade – tariffs, import licensing, quotas – have been increasingly removed in developed economies as trade

liberalisation has taken hold. Currency now has a substantially higher relative weighting as a trade influencer.

Australia, as a global leader in trade liberalisation, is particularly vulnerable to instances of currency manipulation. There is a high level of risk that its industries can be quickly exposed to damage. It is clearly in the national interest to ensure future trade agreements incorporate appropriate and enforceable disciplines to deal with any instances of currency manipulation. If left unaddressed, currency manipulation has the ability to seriously compromise the economic benefits and outcomes projected to flow to Australia as a result of concluded trade agreements.

Ford Australia urges the Australian Government take a leadership position on currency manipulation through intervention to ensure future trade agreements are high quality, forward-looking and comprehensive, and include WTO-compliant provisions to eliminate currency manipulation practices thereby ensuring genuine reciprocity of opportunity for all participants.

Additionally, Ford Australia is supportive of a negotiating timetable conducive to the objective of bringing Australia-EU FTA negotiations to an expeditious conclusion.

Ford Australia welcomes the opportunity to provide input to the negotiating team and trusts its views are of interest. Please contact the undersigned should further information in relation to any aspect of this submission be required.

Yours sincerely

A handwritten signature in blue ink that reads "Ian Mearns". The signature is written in a cursive style with a large initial "I".

Ian Mearns
Government Affairs Director