

## PAFTA at a glance

PAFTA is designed to deliver benefits for Australian businesses through:

- › Opening up substantial new trade and investment opportunities for Australia
- › Promoting job-creating growth
- › Further integrating our economies in this fast-growing market.

PAFTA benefits at a glance:

- › Tariffs on **beef** eliminated within five years to ensure Australian beef farmers have duty free access to the Peruvian market at the same time as US farmers
- › More **sugar** market access for Australian sugar farmers than Peru has provided any sugar exporting country in the last twenty years
- › Australian **dairy** farmers will obtain historic new access to Peru
- › Immediate duty free access for Australian **wine, sheepmeat**, most **horticulture** products, **kangaroo meat** and **wheat**
- › Immediate duty free access for **pharmaceuticals, medical devices, paper** and **paperboard**
- › The best **services** commitments that Peru has offered any country, creating new opportunities for Australian mining service providers
- › Recognition of **Australian tertiary-level degrees** by Peru.

**‘One of the key benefits for Austin regarding PAFTA is that it will allow us to better plan the allocation of our global resources; we will be able to choose what we export and what we design and build locally – we can focus on what will be the best outcome for the customer, and consequently produce more, in a more profitable and sustainable manner, and thus increase our global footprint.’**

**Lorraine Elsmore** | Global Marketing Manager,  
Austin Engineering

Nov 2017

**‘The new access for Australian raw sugar to Peru is 30,000 tonnes per year from the first year of the agreement, increasing to 60,000 tonnes in year six and 90,000 tonnes in year 18. While the initial amounts of raw sugar Peru may purchase are small, the FTA will enable Australian exporters to establish and grow commercial relationships with refiners in Peru, one of Latin America’s fastest growing economies.’**

**Paul Schembri** | Chairman CANEGROWERS Nov 2017

**‘The Australian Meat Industry Council, representing the bulk of red meat exporters in Australia commends Minister Steven Ciobo and DFAT for the progression and finalisation of PAFTA. As an exporting red meat nation, we are always working towards opportunities for freer trade and this is an example of that.’**

**Lachie Hart** | Australian Meat Industry Council Chairman  
Nov 2017

### Information and contacts

For more information on PAFTA | [www.dfat.gov.au/fta/pafta](http://www.dfat.gov.au/fta/pafta)

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### Austrade

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Australian Government



# PERU- AUSTRALIA FREE TRADE AGREEMENT

The Peru-Australia Free Trade Agreement (PAFTA) heralds a new era in economic integration and trade opportunities between Australia and Peru, one of the fastest growing economies in the world. PAFTA will launch a new chapter in economic relations between Australia and Latin America.



Australian Government



**The Peru-Australia Free Trade Agreement (PAFTA) is a comprehensive free trade agreement that will open new markets for Australian exporters and create more Australian jobs.**

PAFTA supports Australia’s goal of capturing the gains of the Trans-Pacific Partnership (TPP) and provides a gateway to Latin America. PAFTA will strengthen our economic relationships and help facilitate value chains between the Americas and Asia.

Peru is a growing market for Australian goods and services exporters. In 2016, two-way trade with Peru was worth AUD\$590 million, up 51.2 per cent from the previous year. PAFTA will provide Australian businesses with an opportunity to expand and deepen our engagement with the dynamic markets of Latin America.

### Why Peru?

Peru has been one of the fastest growing economies in Latin America, and at times the world, over the last decade. This growth trajectory is predicted to continue over the next few years providing greater opportunities for Australian businesses.

While Peru is relatively unknown to many Australian exporters, it has a Gross Domestic Product (GDP) comparable to that of Vietnam (USD\$189 and \$193 billion respectively). With high rates of GDP growth, and a population in excess of 31 million people, Peru provides a similar consumer base to that of Malaysia.

This FTA ensures that Australia is well-placed to share in Peru’s economic growth, providing opportunities for expanding our engagement with this emerging market.

PAFTA complements and supports our goals of diversifying export markets for Australian exporters, capturing the benefits of the TPP and strengthening our economic relationship with Latin America. It will also serve as a stepping stone to a deal with the Pacific Alliance (Mexico, Colombia, Chile and Peru).

## Beef and Sheepmeat Opportunities

PAFTA enables competitive opportunities for exporting Australian beef and sheepmeat to Peru. Peru applies tariffs of up to 11 per cent and Australia's competitors have preferential access.

PAFTA will mean that Australian beef farmers will be increasingly price competitive as the export duty is eliminated within five years. Sheepmeat will be duty free on entry into force of the agreement.

Peruvian supermarkets have already expressed interest in putting Australian beef on their shelves. The Australian red meat industry said, 'With Peru forecast to triple its beef consumption by 2020 and its sheepmeat consumption by 20 per cent by 2025, our industry will be in a position (pending finalisation of certification arrangements) to respond to potential inquiries from Peru's retail and food-service sectors and offer Peruvian consumers an alternative supply source.' *Australian red meat industry, joint comment from Meat and Livestock Australia, Sheepmeat Council of Australia.*

## Opportunities for the Mining Sector

Australia's top five exports to Peru are mining-related equipment and Australian mining companies are among the largest investors in Peru's mining sector with approximately AUD\$5 billion in investments. This agreement opens up new opportunities for Australian mining equipment manufacturers, with Peru eliminating tariffs and delivering mining service providers with better or guaranteed access. This agreement also provides greater opportunity for Australian investment in Peru.

## Dairy Industry

With the introduction of PAFTA, a tariff quota for dairy that allows duty free imports of 7,000 tonnes on entry into force of the agreement (increasing to 10,000 tonnes) will provide the certainty required for Australian dairy farmers to export to this growing market. The agreement also allows Australian dairy farmers to compete with the United States and European Union producers. On other dairy products, such as butter, Australian farmers will also have superior access to that of the European Union. The Australian Dairy Industry Council said, 'This is a fantastic outcome for Australian dairy farmers and the industry in general.'

# AUSTRALIA'S TRADE AND INVESTMENT WITH PERU IN 2016

## EXPORTS TO PERU

### On entry into force of the agreement, Australian:

- › Sugar – duty free access of 30,000 tonnes into Peru, growing to 60,000 tonnes in five years and 90,000 tonnes in 18 years.
- › Dairy – duty free access of 7,000 tonnes of dairy products into Peru, growing to 10,000 tonnes in ten years.
- › Rice – duty free access of 9,000 tonnes of rice products into Peru, growing to 14,000 tonnes in five years.
- › Sorghum – duty free access of 15,000 tonnes of sorghum products into Peru, growing to 20,000 tonnes in five years.
- › Beef cuts – tariffs of up to 17 per cent will be eliminated within five years.
- › Sheepmeat – tariffs of up to 9 per cent will be eliminated.
- › Seafood – tariffs of up to 9 per cent will be eliminated.
- › Almonds – tariffs of up to 9 per cent will be immediately eliminated.
- › Wine – duties of up to 9 per cent across lines of commercial interest to Australia will be immediately eliminated, with the remainder being phased out over 5 years.

- › Base metals iron ore, copper and nickel – tariffs will be immediately eliminated.
- › Coal – tariffs will be immediately eliminated.
- › Mineral fuels and mineral oils – tariffs will be immediately eliminated.
- › Paper and paperboard – tariffs will be immediately eliminated.
- › Pharmaceuticals and medical devices – tariffs will be immediately eliminated.

## AUSTRALIA-PERU TRADE

- › TOTAL EXPORTS – \$122M
- › TOTAL IMPORTS – \$469M
- › TOTAL TWO-WAY TRADE – \$590M

## AUSTRALIA-PERU INVESTMENT

- › Australian investment in Peru is valued at approximately \$5B\*
- › Australia's top five exports to Peru are all mining equipment

## Case Study: Group of Eight Universities

The Group of Eight (Go8) comprises Australia's eight leading research intensive universities with seven of its members ranked in the world's top 100 universities. The Group spends some \$6 billion a year on research, \$2 billion of which is spent on medical and health services research.

Go8 universities enrol one third of Australia's international students from 200 countries, and also enrol more than one third of all post graduate students.

There are over 1,600 Peruvian students enrolled to study in Australian educational institutions. In 2012, Australia was selected to be the first country to host post-graduate Peruvian students sent abroad on full scholarships by Peru's National Scholarship Agency.

Australia is now the most popular English-language destination for these scholars.

'PAFTA will ensure that Australian universities wanting to establish a campus in Peru will be able to compete on a level playing field with Peruvian universities. Even more exciting is the news that Peru will recognise Australian university degrees. This makes Australian education even more attractive in Peru, a fast-growing market of over 31 million people,' said Go8 Chief Executive Vicki Thomson (Dec 2017).

## Case Study: Rio Tinto

Rio Tinto has had a presence in Peru since 1990 and sees Peru as an attractive destination for investment. In 1994, Rio started exploration of copper deposits and it has also explored iron, zinc, borates and precious metal deposits. Additionally, Rio Tinto has contributed to the discovery of several ore deposits in Peru.

PAFTA removes impediments and trade barriers which will encourage Australian mining investment in Peru, with strong protections for private investors, crucial for long-term capital intensive projects. 'Peru has been one of the fastest growing economies in Latin America, and the world, over the last decade. PAFTA will support Australian business to gain access to significant opportunities presented by that growing market,' said Rio Tinto.