



13^h June, 2014

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

Via email: jsct@aph.gov.au

**Inquiry into the Free Trade Agreement between the
Government of Australia and the Government of the Republic of Korea**

The following submission has been prepared by the Australian Chamber of Commerce in Korea (AustCham Korea), in response to the Joint Standing Committee on Treaties inquiry into the Free Trade Agreement between the Government of the Commonwealth of Australia and the Government of the Republic of Korea (KAFTA).

AustCham Korea is the peak body representing Australian business interests in Korea. With over 200 members, including many of the major corporations that are central to trade between Korea and Australia, our organisation plays an important role in promoting commercial relationships and networks between companies and people from both countries.

Korea is Australia's fourth largest trading partner with combined trade in goods and services totalling \$32.1 billion in 2013. Australia and Korea are natural partners with long standing economic, political and security ties. Korea is a major importer of Australia's coal, iron ore, petroleum, and agricultural products, and, increasingly in the future, natural gas.

AustCham Korea is a strong supporter of the KAFTA and views the conclusion of this agreement as a significant milestone for the Australia-Korea partnership and the bilateral business community. This is a balanced, comprehensive and high quality free trade agreement that substantially liberalises trade between Australia and Korea. It will strengthen and expand opportunities for Australian companies doing business with Korea and open up new opportunities for businesses to enter the Korean market. It contains significant benefits for Korean companies looking to invest in Australia including enhanced investment protection mechanisms and a raising of the foreign investment review threshold.

Importantly, the KAFTA will put Australian exporters to Korea back on a level playing field with exporters from other countries that have already secured free trade agreements with Korea (such as the US, EU and Chile) or who are likely to secure an FTA in the near future (eg Canada, China and New Zealand). The agreement will strengthen the Australia-Korea relationship and increase business connections between the countries.

The KAFTA will see benefits as follows:

- 99.8% of Australia's goods exports (by value) to Korea will enter duty-free on full implementation of the Agreement;
- KAFTA will enable Australia's agriculture exports to compete in this highly protected, but lucrative market;
- KAFTA opens new markets in Korea for Australian service providers (eg law firms, accountants and telecommunications providers). It guarantees access to a wide range of other sectors including education and financial services;
- Korea will guarantee access for Australian traders and investors (and their families) to stay in the country for up to two years;
- KAFTA contains an Audio-Visual Co-production Annex which will deliver new opportunities for the Australian film and television industry;
- KAFTA establishes a Professional Services Working Group to facilitate cooperation and mutual recognition of credentials by professional bodies in both countries.

AustCham Korea strongly recommends that the Joint Standing Committee on Treaties endorses the KAFTA and that binding treaty action be taken without delay. In order for Australia to maximise the potential opportunity from the Agreement and to prevent Australian exporters from losing further ground to competitor countries which benefit from having an FTA with Korea, entry into force in calendar year 2014 is critical.

Yours sincerely,

Graham Dodds
Chair

Peter Feltis
Vice Chair

George Garrop
Vice Chair

Michael Finucan
Chair, FTA Advisory Group

cc: HE Bill Paterson PSM, Ambassador of Australia to the Republic of Korea