

Ford Motor Company of Australia Limited
A.B.N. 30 004 116 223



17 February 2017

Committee Secretary
Joint Standing Committee on Foreign Affairs, Defence and Trade
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CANBERRA ACT 2600

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Subject: Submission on Australia's Trade and Investment Relationship with the UK

I write in response to an invitation for submissions from interested parties on issues relating to Australia's trade and investment relationship with the United Kingdom (UK). In light of its recent decision to leave the European Union (EU), it is of critical importance that present trade and investment relationships with the UK be underpinned by certainty and clarity of arrangements. As work associated with the implementation of this decision begins, the Australian government is encouraged to work with the UK government to ensure a smooth transition to the new market dynamic and to explore opportunities for further growth and mutual benefit between the two economies.

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 continental Europe, 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 on record as supporting the establishment of an Australia-EU Free Trade Agreement and similarly now advocates the negotiation of such an agreement with the UK, subsequent to its intention to withdraw from the European Union. 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 bilateral trade pact with the United Kingdom, Ford Australia encourages a timely pace in the conduct of any future negotiations to increase the trading opportunities for the member economies. Additionally, it recommends the full elimination of Australian tariffs on imported new vehicles and replacement service parts to be effective at entry into force of any negotiated agreement.

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As a supporter of genuine and fair trade opportunities, Ford Motor Company universally promotes the inclusion of clear and enforceable provisions which prohibit currency manipulation through intervention by signatory / member countries to all negotiated trade agreements. It is important that this issue be considered in the preliminary negotiating phase to ensure these provisions are addressed well before the concluding phase of trade agreement negotiations. Ford 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 with other global economies.

As a principle, 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.

Ford Australia supports a potential free trade agreement with the UK for the future mutual benefit of both nations. Ford Australia welcomes the opportunity to provide its views by way of this submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade. Please contact the undersigned should further information in relation to any aspect of this submission be required.

Yours sincerely

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