



MINERALS COUNCIL OF AUSTRALIA

ASPECTS OF THE PERU-AUSTRALIA FREE TRADE AGREEMENT REVISITED

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BENEFITS OF TRADE AND INVESTMENT LIBERALISATION

Benefits of trade and investment liberalisation

Australia has long enjoyed the benefits International trade and investment. Trade now accounts for 42 per cent of economic output and one in every five jobs in Australia rely on trade.¹ Trade liberalisation over the past 35 years has increased the income of the average Australian family household by an estimated \$8,448 a year.² The increased income is a consequence of reduced tariffs on imported goods and services and the contribution of trade liberalisation to economic growth. It is important to note that lower tariffs give greater purchasing power, and therefore benefit the living standards of lower income households.

Liberalised international investment arrangements have also been critical for Australia's economic development. With the annual gap between national savings and investment averaging around 4 per cent of GDP over the last four decades, Australia has relied on foreign investment to build and expand local businesses, create jobs and boost economic growth.³

Open markets and reduced barriers to trade is especially important to Australia's minerals and its Mining Equipment and Technology Services (METS) sector. Mining is by far Australia's largest export industry – and the resources sector generates more export revenue for Australia than all other sectors put together: in the 2017-18 financial year, resources accounted for 55 per cent of Australia's total exports, a record high of \$221 billion.⁴

For these reasons, it is in Australia's national interest to support continued trade liberalisation, access to international investment and open markets, particularly in the current global environment of rising protectionism. Trade agreements play an important role in boosting trade and maintaining trade liberalisation and market opening. The array of agreements to which Australia is a party extend across bilateral, multilateral and regional trade agreements and include the Trans-Pacific Partnership (TPP-11), the ASEAN-Australia-New Zealand Free Trade Agreement and Australia's network of more than a dozen bilateral free trade agreements.

The Peru-Australia Free Trade Agreement (PAFTA) will boost the value of Australia's economic relationship with one of the fastest-growing economies of the Latin American region. It will provide direct benefits to Australian business in the form of reduced tariffs on exports of goods to Peru, greater access for Australian services in the Peruvian market, reduced trade costs through more streamlined customs and administrative arrangements, and greater certainty and stability around two-way investment links between Australia and Peru.

Reducing trade barriers, pursuing more open and inclusive international trading relationships and providing trade-related aid and development assistance will support the growth and development of the economies of both trading partners – it is not a zero sum game. All countries gain by exporting and importing. Imports lower prices, provide variety, expand inputs and increase productivity. Trade also plays a powerful role in economic development and poverty reduction. Trade liberalisation and macroeconomic reforms have been underlying factors for Peru being one of the fastest-growing economies in Latin America since the turn of the century. This in turn saw the rate of poverty decline from 52 per cent in 2005 to 26 per cent in 2013 – or 6.4 million people escaping poverty during that period.⁵

In addition to these direct and immediate benefits, PAFTA can deliver broader and longer-term strategic benefits for Australia and its economic, political and cultural links with Peru and other

¹ Department of Foreign Affairs and Trade, *Composition of Trade 2016-17*, Canberra, January 2018; ABS, *Australian National Accounts: National Income, Expenditure and Product*, December 2017, Cat No 5206.0; Centre for International Economics, *Australian trade liberalisation: Analysis of the economic impacts*, Report prepared for the Department of Foreign Affairs and Trade, Canberra, October 2017, p. 8.

² Centre for International Economics, *ibid.* pp. 13-14.

³ Treasury, 'Foreign Investment into Australia', Treasury Working Paper 2016-1, January 2016, p 10.

⁴ ABS Cat No 5368, *International Trade in Goods and Services*, September 2018

⁵ The World Bank, [The World Bank in Peru: Overview](#), last updated 26 September 2018

countries in South America and the wider Pacific Rim. In terms of the evolving Asia-Pacific trade architecture, PAFTA will be a building block, along with the TPP-11 and a possible free trade agreement between Australia and the Pacific Alliance group of countries, towards the long-term goal of a Free Trade Area of the Asia-Pacific (FTAAP).

AUSTRALIA'S ECONOMIC RELATIONSHIP WITH PERU

Australia-Peru trade relationship

Australia's trade relationship with Peru is relatively under-developed, suggesting there is significant potential for growth. Two-way goods and services trade between Australia and Peru was valued at \$640 million in 2017, or less than 0.1 per cent of total Australian two-way trade.⁶ Table 1 provides the breakdown of Australia's trade flows with Peru between goods and services and imports and exports. This shows that merchandise and services imports from Peru to Australia accounted for over 80 per cent of the value of the bilateral trading relationship.

Table 1: Australia's trade with Peru, 2017

	Merchandise (A\$ million)	Services (A\$ million)	Total goods and services (A\$ million)
Exports from Australia	66	70	136
Imports from Peru	356	148	504
Two-way trade	422	211	640

Source: Department of Foreign Affairs and Trade, *Composition of Trade Australia 2017*. May exclude selected confidential commodities.

Peru was Australia's 74th largest export market and its 45th largest source of imports in 2017. The two-way goods trade is dominated by minerals and mining equipment (examined in the next section).

Services trade between Australia and Peru is dominated by travel services which accounted for \$139 million of Peru's \$147 million in services exports to Australia (Australians travelling to Peru) and for \$54 million of Australia's \$64 million in services exports to Peru (Peruvians travelling to Australia).

Role of mining in trade with Peru

Mining figures prominently in the merchandise trade relationship between Australia and Peru. Australia biggest merchandise import from Peru was the 'other ores and concentrates' commodity category which was worth \$233 million in 2017, or two-thirds of total goods imports from Peru. This was predominantly comprised of zinc concentrate (supplying Nyrstar's Tasmanian zinc smelter) and lead.⁷ Copper ores and concentrates were also worth \$15.8 million.

Other significant goods imports included animal oils and fats (\$15.8 million), animal feed (\$11 million), coffee (\$8 million) and prepared or preserved fruit (\$7 million).

While Australia currently enjoys tariff-free access for a large number of resource exports, including liquefied natural gas, iron, steel and aluminium, PAFTA will 'lock-in' zero tariffs on these commodities. PAFTA will also immediately remove the remaining tariffs on base metals including iron ore, copper, nickel coal and mineral fuels and oils.

Potential for growth under PAFTA

Under PAFTA, Peru will eliminate tariffs on approximately 93 per cent of its tariff lines from entry into force of the agreement, and ultimately will eliminate 99.4 per cent of all its tariffs.

Trade agreements can boost trade because they reduce trade costs through cutting and removing tariffs, easing non-tariff barriers and streamlining customs and other administrative procedures and costs associated with trade.⁸

⁶ Department of Foreign Affairs and Trade, *Composition of Trade Australia 2017*, Canberra, October 2018.

⁷ United Nations [Comtrade Database](#), accessed 17 April 2018.

⁸ Head, K. and Thierry Mayer, 'Gravity Equations: Workhorse, Toolkit and Cookbook', in Gita Gopinath, Elhanan Helpman and Kenneth Rogoff (eds), *Handbook of International Economics: Volume 4*, Elsevier, 2014, pp. 131-95.

Peru is a relatively fast-growing economy and as its GDP expands in coming years there will be scope to grow Australia's trade. Furthermore, by reducing trade costs, PAFTA is likely to contribute further to growth in trade. Chile is the only Latin American country with which Australia currently has a bilateral free trade agreement. While Chile's economy is about 25 per cent larger than Peru's, Australia's trade with Chile in 2017 was more than double the value of its trade with Peru (and Australian exports to Chile were worth eight times the value of exports to Peru).

Opportunities for Australia's METS sector

The importance of mining in Australia's economy means that thousands of METS businesses have emerged to support and supply the mining industry. Australia is recognised as a world-leader in innovative mining technologies and services. Exports are also a key component of Australia's METS industry, with over half of all businesses in the Australian METS sector exporting products, services or technologies. PAFTA therefore further supports Australia's minerals sector, by locking-in duty-free access for Australia's mining equipment and manufacturing exports to Peru.

Generally, by contrast with the position for mining commodities, barriers to exports of mining services, including non-tariff measures (NTMs), remain impediments to growing Australia's mining services exports in markets of interest. The MCA therefore recommended that under a chapter, that there is agreement to include national treatment commitments specifically related to improving market access to mining services. This includes recognition of professional standards.

Australian METS' biggest export is our service capabilities, so being able to easily bring people in and out of countries quickly and efficiently will save time and money. Mining equipment exports from Australia are also better supported through mining services outcomes in areas such as engineering.

Australia's METS companies are already at a disadvantage compared to Australia's competitors, including METS exporters in the US, Canada and Chile that already have full preferential access to the lucrative Peru market. In that regard, the MCA welcomes the commitments from Peru on the provision of guaranteed access for Australian suppliers of consulting, research and development, engineering, environmental, mining and technical testing and analysis services will open up business opportunities for Australia's METS sector in those markets even further. This includes businesses ranging from those involved in exploration and geoscientific services, to those providing a range of equipment and supplies used in mining; from developers of innovative technologies, data analysis and software solutions, to those providing professional, financial, legal and business services to the mining industry.

Peru's agreement for Australian suppliers having a guaranteed right to bid for government procurement opportunities with PETROPERU and entities in Peru's government-owned electricity and hydro power sectors also provides further opportunities for Australia's METS suppliers.

Services exports are often delivered by the presence of Australian personnel in the relevant markets. Peru's provisions on movement of persons – which Australia did not reciprocate – allows Australian mining companies to deploy skilled Australian personnel to their operations in Peru for 12 months (with a possibility of extension). This includes managerial staff, contractors working on mining and extraction equipment and technicians working on oil and gas wells.

PAFTA also creates new opportunities for the whole Australian mining supply chain to leverage off Australian investment in Peru's mining sector. Historically Australia's top exports to Peru have been dominated by specialised mining equipment, technology and materials. PAFTA will therefore lock in duty free treatment for mining equipment on EIF (at a faster rate for some products than the TPP).

Seven out of Australia's top eight biggest merchandise exports to Peru in 2017 were METS or mining commodities: prepared additives for minerals (\$14.7 million), iron and steel bars and rods (\$8.5 million), measuring and analysing instruments (\$7.0 million), civil engineering equipment and parts (\$3.8 million), mechanical handling equipment and parts (\$3.8 million), specialised machinery and parts (\$2.8 million) and aluminium (\$2.2 million).

Australian mining investment opportunities in Peru

There is also significant potential to grow the investment relationship between Australia and Peru, including in the mining industry. Australia had \$601 million invested in Peru at the end of 2017, including \$298 million in foreign direct investment (Peru investment in Australia is unavailable).⁹

The MCA has consistently called for a liberal and orderly international investment regime in Australia, with consistent application of rules and thresholds, in order to instil public and investor confidence. In that regard, while the level of Peruvian investment in Australia is small, the MCA welcomes the raising of the screening threshold for private investment in non-sensitive sectors from \$261 million to \$1.13 billion for consideration by the Foreign Investment Review Board, as an important step to encouraging and streamlining international investment in Australia.

Mining is a significant sector in Peru's economy and there are major opportunities for inward investment in developing that country's minerals and energy resources. Peru has been identified by Austrade as a significant future market for Australian mining investment and for the delivery of mining services by Australian METS firms. According to Austrade's analysis mining concessions have been granted for more than 14 per cent of Peruvian territory, but less than 2 per cent is being used for exploration and production, meaning there are significant opportunities for mining investors in the remaining prospective areas.¹⁰

Several Australian mining companies already have a presence in Peru with the investments ranging from exploration, to partnerships with local companies in developing projects, to operational mining activities. According to Austrade, Australia is the fifth largest foreign investor in Peru's mining sector. By 2016 there were more than more than 80 Australian mining or mining services businesses with a presence in Peru, including 25 with a mining investment or project (including exploration projects), 35 METS companies with Peruvian offices, and 30 METS companies supplying goods or services through local distributors.¹¹

Examples of substantial investments in Peru by major Australian mining companies, and mining companies with significant presences in Australia include:

- Rio Tinto is conducting technical and commercial evaluation of the La Granja copper project in northern Peru and has a number of early stage copper exploration projects in Peru.¹² Rio has also been involved in exploration for iron ore, zinc, borates and precious metals deposits and has contributed to the discovery of several ore deposits in Peru in areas including Pampa de Pongo, Carhuacayan, Yanque-Accha, Pukaqaqa, El Aguila, Justa, Constancia, Corani and Ollachea.¹³
- BHP owns 33.75 per cent of Antamina, a large, open-cut copper and zinc mine in north-central Peru, in a joint venture with Glencore, Teck and Mitsubishi. The Antamina project had a capital cost of US\$2.3 billion and has been in production since 2001. In addition to copper and zinc, it also produces lead, silver and molybdenum. BHP is also engaged in exploration for new copper deposits in Peru.¹⁴
- Glencore has a 33.75 per cent interest in Antamina. In addition it has copper and zinc assets in Peru, including the Antapaccay and Coroccohuayco copper projects in southern Peru and interests in the Iscaycruz and Yualiyacu zinc mines in the central highlands. In November 2017 Glencore invested US\$734 million to increase its equity in Peru's Volcan Compañía

⁹ Department of Foreign Affairs and Trade, Composition of Trade Australia 2017

¹⁰ Austrade, 'Mining to Peru: Trends and Opportunities', <https://www.austrade.gov.au/australian/export/export-markets/countries/peru/industries/mining>, accessed 17 April 2018.

¹¹ Austrade, op. cit.

¹² Rio Tinto, Annual Report 2017, pp. 46-7.

¹³ Rio Tinto, 'Rio Tinto welcomes Peru-Australia Free Trade Agreement', Media Release, 10 November 2017.

¹⁴ BHP, Annual Report 2017, p. 32, 59 and 240.

Minera from 20.7 per cent to 63 per cent of voting shares. Volcan produces zinc, lead and silver, operating 10 mines and associated processing facilities in central Peru.¹⁵

- MMG Ltd has a 62.5 per cent interest in Las Bambas, a large, newly-developed copper mine located in the Apurimac region of Peru. Construction was completed in early 2016 and the mine commenced commercial production in mid-2016. MMG expects Las Bambas to be one of the world's largest copper mines when it reaches full production.¹⁶

In addition, junior Australian mining and exploration companies which have established project offices in Peru in recent years include Latin Resources, Metminco, Minera Gold, Laconia Resources and Minera IRL.¹⁷

¹⁵ Glencore, Annual Report 2017 p. 66, 175; [Volcan](#), accessed 17 April 2018.

¹⁶ MMG, <http://www.mmg.com/en/Our-Operations/Mining-operations/Las-Bambas.aspx>, accessed 17 April 2018.

¹⁷ Department of Foreign Affairs and Trade, '[Peru country brief](#),' accessed 17 April 2018.

ISDS PROVIDES INVESTMENT CERTAINTY TO AUSTRALIA AND PERU

PAFTA’s Investment Chapter contains investor-state dispute settlement (ISDS) provisions. These provisions will allow investors to seek mediation and arbitration where they claim that a government has breached the investment commitments it has made under the agreement.

Anti-trade activists frequently argue that ISDS provisions allow foreign investors to challenge government policies in areas such as the environment or healthcare. However, ISDS provisions do not create a wide-ranging ability for foreign investors to challenge any government policies. In fact, the ISDS provisions under PAFTA provides greater certainty to both Australia and Peru. PAFTA contains significant and procedural safeguards that protects both governments from any challenges to public policies regarding health (including Medicare and Pharmaceutical Benefits Scheme), environmental protection, social welfare, education, social services, welfare policy, government service delivery, cultural and heritage protection and conservation policies and the decisions of the Foreign Investment Review Board.

It should be noted that Australia already has ISDS provisions in the existing Australia-Peru bilateral investment treaty (BIT) – the *Agreement between Australia and the Republic of Peru on the Promotion and Protection of Investments, and Protocol*¹⁸ – which was signed in 1995 and entered into force in 1997. In fact, as table two outlines below, PAFTA’s investment rules provide greater certainty to both Australia and Peru compared to an investment treaty that is over 20 years old. PAFTA’s investment chapter strengthens these safeguards, which are not specifically outlined in the BIT.

Table 2: Comparison of investment safeguards between PAFTA and Australia-Peru BIT

Issue	Safeguards	PAFTA	BIT
Minimum standard of treatment	Guarantee investors and their investments are accorded a minimum standard of treatment in accordance with applicable customary international law, including an obligation to provide due process in court proceedings and provide “fair and equitable treatment” and ‘full protection and security’.	(Ch 8, Article 8(6))	Article 3(2)
Expropriation and nationalisation	The right to compensation for certain types of expropriation and protection against discrimination – with payment to be made without delay and equivalent to fair market value of the investment immediately before the expropriation took place.	(Ch 8, Article 8(1) and (2))	Article 7(1), (2) and (3)
Transfers	Require that investment-related capital transfers can occur freely and without delay.	(Ch 8, Article 8(9))	Article 9(1) and (2)
Public services – health and environment	An ISDS mechanism contains explicit safeguards protecting the Australian Government’s right to regulate in the public interest. Australia and Peru have an inherent right to regulate to protect public welfare, including in the areas of health – including tobacco controls – and the environment. This includes public health measures cannot be challenged, which for Australia includes the Pharmaceutical Benefits Scheme, Medicare Benefits Scheme, Therapeutic Goods Administration and Office of the Gene Technology Regulator.	((Ch 8, Section B, footnote 17))	X

¹⁸ Australian Treaty Series 1997 No 8, [Agreement between Australia and the Republic of Peru on the Promotion and Protection of Investments, and Protocol](#), Australian Government Publishing Service

Social services and education	Australia and Peru have an inherent right to regulate on social services established or maintained for a public purpose, such as social welfare, public education, health and public utilities.	((Annex II – Schedule of Australia)	X
Arts and heritage	Limitations on ISDS claims with respect to creative arts, Indigenous traditional cultural expressions and other cultural heritage	((Annex II– Schedule of Australia – page))	X
FIRB screening	Limitations on claims against Australia’s foreign investment framework, including decisions of the Foreign Investment Review Board.	(Ch 8, Annex 8-D)	X
Arbitrator independence	An ISDS mechanism which provides investors with access to an independent arbitral tribunal to resolve disputes for breaches of these investment rules.	(Ch 8, Article 23(1))	Annex B(1)(b)
Transparency of proceedings	In relation to arbitration, requirement that hearings are open to the public, and documents filed in arbitration, as well as the tribunal’s decision, will be made public.	(Ch 8, Article 25(1) and (2))	X
Submissions from third parties	In relation to arbitration, a right for the Party that is not involved in an ISDS case to make oral and written submissions. the ability to permit submissions from interested individuals, including from civil society and non-governmental organisations.	(Ch 8, Article 24(2) and (3))	X
Burden of proof	In relation to arbitration a requirement that the burden of proof rests with the claimant to establish its claim against a government, which also directs tribunals to decide cases in accordance with established interpretations of investment commitments.	(Ch 8, Article 28(7))	X
Unmeritorious claims	In relation to arbitration expedited review of claims that are baseless, or manifestly without legal merit.	(Ch 8, Article 24(4))	X
Unmeritorious claims	In relation to arbitration mechanisms to disincentivise unmeritorious claims, such as through the award of costs against a claimant and the ability for a respondent government to recoup costs.	(Ch 8, Article 24(4))	X
Time limit	In relation to arbitration time limits on bringing a claim	(Ch 8, Article 22(1))	X
Arbitrator independence	In relation to arbitration a requirement for arbitrators to comply with rules on independence and impartiality, including on conflicts of interests	(Ch 8, Article 27(6))	X

The procedural safeguards ensure that any claims, disputes or arbitrations under the PAFTA ISDS provisions will be conducted in an open and transparent manner and will be subject to clear procedural rules and legal standards.

On the other hand, ISDS provisions provide investment certainty for international investments. This makes Australia a more attractive destination for investors, as well as provide greater certainty for investment overseas which in the case of the minerals sector can be significant. It is important to ensure that foreign investors are broadly treated the same as domestic investors, subject to specific exceptions and carve outs. From the MCA’s perspective, this is crucial in ensuring greater certainty and stability for Australian investors abroad. This will help reduce the risk of protectionist investment measures, such as discrimination and expropriation and ensuring a minimum standard of treatment.

In that regard, ISDS provisions including under PAFTA are important, as they provide a mechanism for disputing parties to seek relief or compensation, particularly in relation to expropriation of assets

and investments. This provides greater investment certainty and reduces sovereign risk. Without ISDS provisions, investors would have to rely on state-to-state consultations to resolve any disputes about breaches of the investment commitments.

Disputes under ISDS provisions must involve breaches of the substantive investment commitments made under the relevant agreement such as the commitments not to expropriate property without adequate compensation or not to discriminate against foreign investors compared to domestic businesses. Furthermore, as noted above, Australia has listed an extensive series of non-conforming measures, or exceptions, covering a wide range of existing public policies, legislation and regulations. ISDS provisions cannot be used to challenge such non-conforming measures.

However, scare campaigns mounted by anti-trade groups over ISDS often give examples from investment disputes under older ISDS provisions in agreements to which Australia is not a party, such as the North American Free Trade Agreement (NAFTA) negotiated in the early 1990s. Compared to these older provisions, the modern ISDS provisions of agreements like PAFTA, TPP-11 and the updated Singapore-Australia Free Trade Agreement include extensive safeguards and protections for public policies.

The Committee can be satisfied that the PAFTA ISDS provisions are state-of-the-art in terms of safeguards to protect public policy, to ensure investment disputes are resolved in a transparent, accountable and fair manner and to address community concerns over ISDS.

In evaluating these scare campaigns, the Committee should also consider Australia's actual experience with ISDS. Australia is already covered by ISDS provisions in 27 existing bilateral investment treaties and FTAs which date back to 1988.¹⁹ In the 30 years Australia has been subject to these provisions, no Australian law, regulation or public policy has had to be changed due to ISDS.

In fact, in all that time under all those agreements, there have only been two ISDS claims against Australia. The first of these claims was the Phillip Morris challenge to Australia's tobacco plain packaging legislation under the 1993 Australia-Hong Kong Investment Promotion and Protection Agreement. This claim was unsuccessful and legal costs were awarded against Phillip Morris.²⁰ The second claim was initiated in 2017 by APR Energy and a number of other US investors. This case involves a commercial dispute (arising out of the ANZ Bank's seizure of the claimants' power turbines, which were leased to Forge Group and recovered by ANZ as property for payment of Forge's debt upon its insolvency) rather than Australian policies or regulations. An outcome in this case is pending.

¹⁹ Senate Foreign Affairs, Defence and Trade Legislation Committee, Additional Estimates 2015, 26 February 2015, Answers to Questions on Notice/In Writing, Question No 131

²⁰ Permanent Court of Arbitration, *Phillip Morris Asia Ltd v Commonwealth of Australia*, Final Award Regarding Costs, 8 March 2017.

‘THE NOODLE BOWL’ VS ‘THE STEPPING STONES’ OF FREE TRADE AGREEMENTS

In part of the Minister’s referral to the Committee ‘regarding the ongoing concerns over the increasing complexity created by the number of trade agreements, particularly multiple agreements with the same partner’, it is important to note that many FTAs have different benefits, which evolve over time. For example, the FTA that Australia is currently finalising with Indonesia goes much further than the ASEAN-Australia-New Zealand FTA on issues such as investment and reducing behind-the-border issues related to the trade in services. Similarly, the TPP-11 offers greater tariff reductions for Australian agriculture exports to Japan compared to the Japan-Australia Economic Partnership Agreement.

So in the case of PAFTA, while Peru, like Australia, is a signatory to TPP-11, Peru is offering Australia preferences that are more generous for Australia than what is offered to all members of the TPP-11. This has obvious benefits to Australian exporters. Under PAFTA, Peru will eliminate around 93 per cent of its tariff lines, and ultimately will eliminate 99.4 per cent of all its tariffs. In contrast, under TPP-11, Peru will eliminate tariffs on around 81 per cent of its tariff lines from entry into force of the agreement, and ultimately will eliminate 99.3 per cent of all its tariffs. Under TPP-11, close to 8 per cent of its tariffs will be phased over a 16 year period. Under PAFTA, more than 99 per cent of tariffs will be eliminated in five years.

There has also been some criticism about the so-called ‘noodle bowl’ effect of a large number of FTAs creating confusion for Australian exporters. However, the MCA disagrees with claims that additional FTAs makes it more complex and imposes additional red-tape and costs on Australian exporters. Instead, the evolution of Australia’s FTAs provides building blocks towards the eventual goal of complete trade liberalisation and removal of tariffs.

The FTA study conducted by PwC on behalf of the Department of Foreign Affairs and Trade demonstrates a high utilisation rate of Australia’s FTAs.²¹ The study found that there is a high level of overall awareness of FTAs amongst Australia’s business community. While the study focused on Australia’s North Asia FTAs, the key outcome from the study was that there is now a utilisation rate of 90 per cent demonstrates both a high understanding by exporters of the benefits of FTAs and how to access tariff preferences.

Furthermore, the study found that Australian businesses are ‘integrating FTAs into their business processes and planning. Australian businesses engaged in trade are generally aware of FTAs and the agreements are being used to support their trade and investment activities across a range of sectors’.²²

Feedback from a number of MCA members has been positive, claiming that the Department of Foreign Affairs and Trade’s FTA Portal is an effective and simple to use mechanism to identify the best tariff preferences for Australian companies seeking to export to FTA partners, including when a number of FTAs exist for one country. This demonstrates that the Government has been allocating resources and using technology to make it easier for small to large Australian exporters to navigate the large number of bilateral, regional and plurilateral FTAs. The same PwC study also found that the FTA Portal ‘had been a significant aid to understanding FTA opportunities’.²³

²¹ PwC, [Free Trade Agreement Utilisation Study](#), prepared for The Commonwealth Department of Foreign Affairs and Trade, February 2018, p.4

²² *ibid*

²³ *Ibid*, p.23-24