



10 August 2015

The Secretary,
Joint Select Committee on Trade and Investment Growth
Parliament House
Capital Hill ACT 2600

Inquiry into the Business Experience in Utilising Australia's Free Trade Agreements – Further Questions

Thank you for the opportunity to appear before the committee on July 21. In response to questions furnished on July 23, we can make the following general observations.

Bilateral and multi-lateral free trade agreements create an atmosphere of trust and respect between investors and the communities in which a project operates. This is a necessary starting point in any investment relationship before the additional benefits of lower barriers to entry under the changes to investment thresholds for foreign investment that are a key feature of agreements.

In addition, the 'movement of natural persons' clauses in agreements have assisted mining companies' ability to take Australian staff to regional operations in market destinations or working with investment partners.

As an importer of specialised equipment, the mining industry shares the benefits of reducing tariffs on imported equipment. In 2011, the Reserve Bank of Australia found that a large share of mining inputs were imported rather than sourced domestically, due to the type and scale of the mining projects. Reductions in input costs lower the cost of operating and heighten the competitiveness of Australian firms. The scale of this benefit to competition has been outline in a recent publication by the Parliamentary Budget Office.

Yours sincerely,

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Director – Industry Policy