

Ford Motor Company of Australia Limited

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Submission No:121.....

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BY:

Chairman
Joint Standing Committee on Treaties
Parliament House
CANBERRA ACT 2600

Dear Sir

We write in response to a recent invitation by the Joint Standing Committee on Treaties for comment on the proposed free trade agreement between Australia and the United States. We also look forward to the opportunity to appear before the committee in Hobart on April 21.

Ford Australia is a leading automotive company with extensive design, engineering and manufacturing facilities. Its core products are the Ford Falcon and soon-to-be launched Ford Territory. It employs more than 5500 people in Geelong and Broadmeadows. In 2003, the company sold more than 126,000 vehicles with sales revenues of \$3.92 billion. Ford Australia is ultimately owned by the Ford Motor Company in Dearborn, Michigan. It imports some motor vehicles, including the Ford Explorer, and some components not readily available in Australia from the United States. Ford Motor Company also sources some components from Australia. In 2002, Ford Motor Company acknowledged two Australian component suppliers – Adelaide-based Schefenacker Vision Systems and Melbourne-based PBR – as award recipients in its global Supplier Excellence Awards program.

Ford Australia is a strong supporter of the proposed free trade agreement with the United States, and looks forward to its early implementation. It believes it is imperative the automotive industry be an integral part of such a comprehensive economic and trade agreement. Furthermore, Ford Australia believes the proposed automotive arrangements are consistent with Australia's broader automotive industry assistance arrangements where improved market access has been an important aspect of the industry's global integration.

In welcoming the proposed free trade agreement, Ford Australia points to be extensive automotive investment and trade linkages that already exist between Australia and the United States. In 2003, automotive trade between the two countries totalled nearly \$3 billion with Australian vehicle and component exports into a highly competitive US market accounting for \$750 million of this. In addition to this high level of merchandise trade, there is also extensive automotive technology linkages between the two countries.

In addition to the direct opportunities the proposed Australia-US free trade agreement is expected to provide for the Australian automotive industry, Ford Australia also believes there is an opportunity for significant other benefits. Firstly, the agreement, together with the proposed Australia-Thai free trade agreement and Australia-China economic framework study, can help "energise" the broader multi-lateral trade liberalisation process with the delivery of wider market access benefits. Secondly, the new agreement has the potential to boost the Australian economy. Australia has enjoyed two successive years of record new vehicle sales with these high sales levels carrying over into 2004. A stronger economy has the potential to boost these sales even further.

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Ford Australia acknowledges the reductions of tariffs on US vehicles and components imported into Australia under the free trade agreement is likely to result in some additional competitive challenges. However, the company has a proven track record of developing award-winning vehicles within a flexible and cost-effective manufacturing environment. As such, the company believes it is well placed to meet these new challenges while also looking for opportunities that will come from the opening of the US market.

In addition to this submission, Ford Australia has also contributed to a submission made by the Federal Chamber of Automotive Industries.

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Yours sincerely



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Government Affairs Manager



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