

AUSFTA Submission No: 178
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**Sidley, Kristine (REPS)**

**From:** Beth Davies [pasydney@amcham.com.au]  
**Sent:** Friday, 30 April 2004 4:43 PM  
**To:** Committee, Treaties (REPS)  
**Subject:** Submission to JSCT

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30 APR 2004

BY:.....

Dear Secretary,

Please find attached, The American Chamber of Commerce in Australia's' submission to the Joint Standing Committee on Treaties, regarding the FTA.

An original has been placed in the mail today.

For any questions, please contact Charles Blunt, National Director.

Kind regards

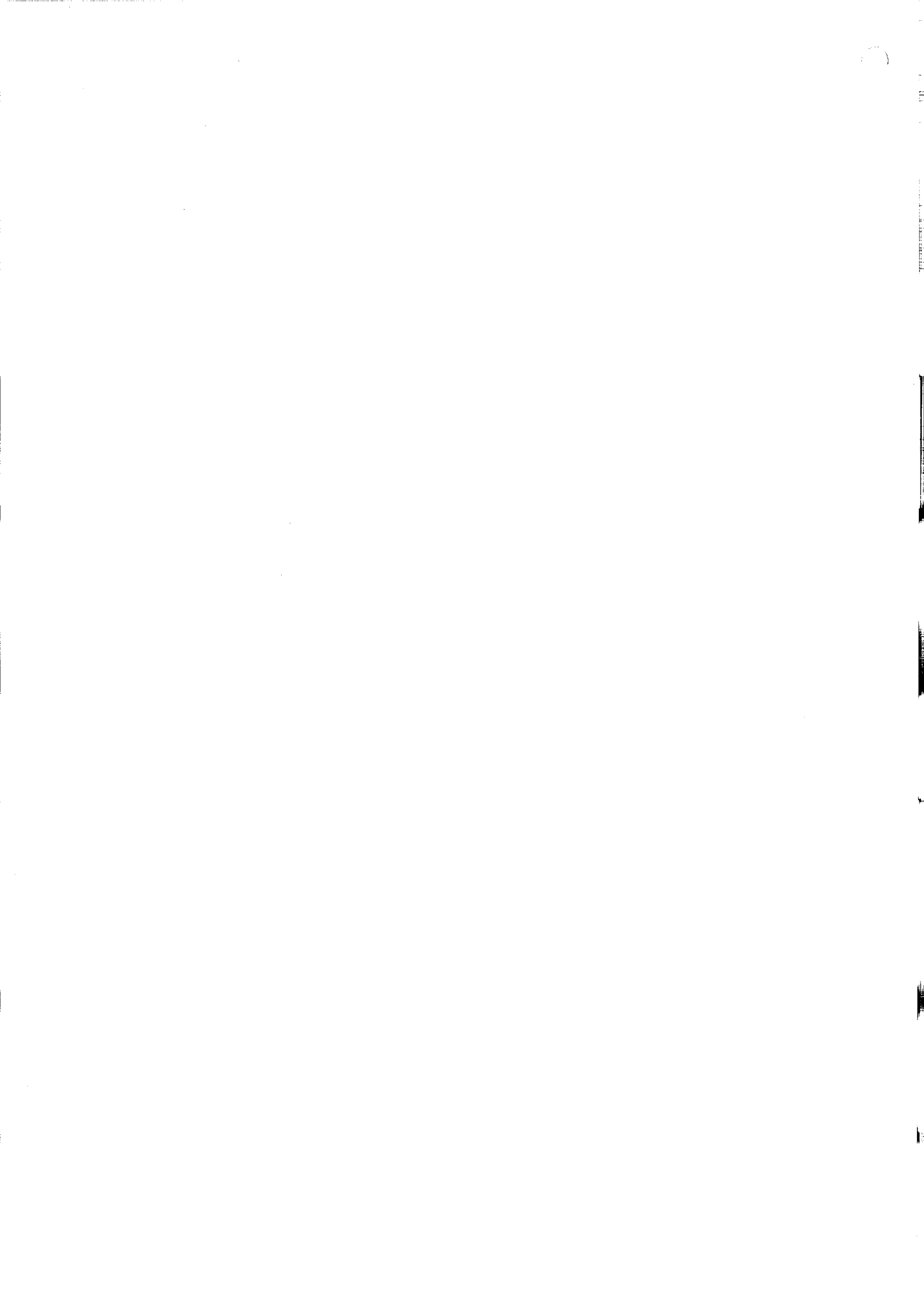
**Beth Davies**  
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Friday, 30 April 2004

Secretary  
Joint Standing Committee on Treaties  
Parliament House  
Canberra ACT 2600

Dear Secretary,

### Proposed Australia-United States Free Trade Agreement

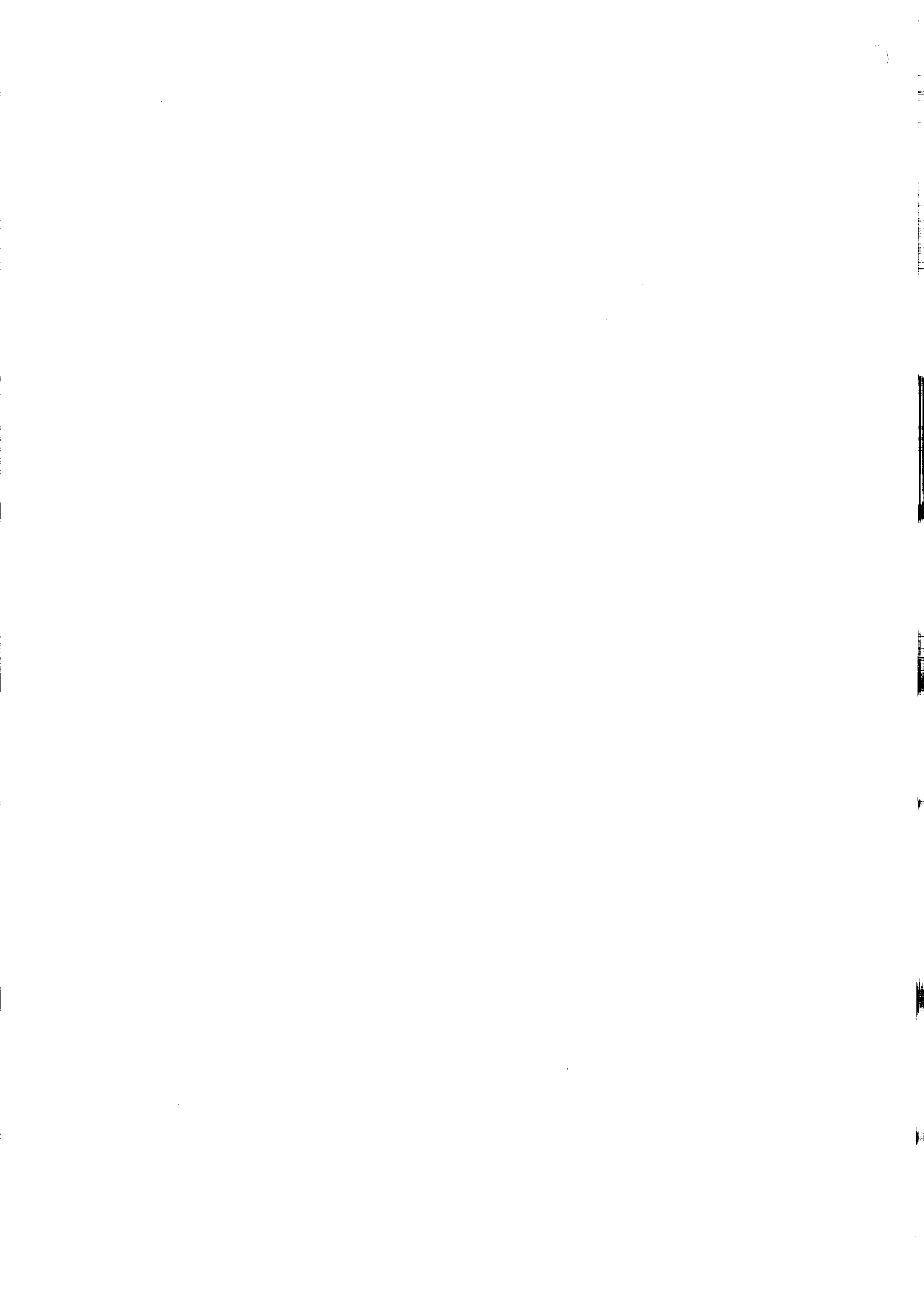
This letter is in response to your letter dated 30 March 2004 requesting comments on the proposed Free Trade Agreement ("FTA") between Australia and the United States. The American Chamber of Commerce in Australia ("AmCham") is a national organization with over 1,600 members Australia-wide. It is our objective wherever possible to facilitate trade and investment between the United States and Australia. We support all reasonable and well-founded steps to achieve this goal. In particular, we strongly support the proposed FTA and firmly believe that the agreement that was negotiated presents substantial benefits for companies and individuals doing business between the two countries. We anticipate that if implemented the FTA will encourage further bilateral trade and investment which will translate into more prosperity and jobs for both economies. While that bilateral relationship is already robust, the FTA will mean even closer economic ties and access for Australian companies to the world's biggest market. We are hopeful that both governments will approve the FTA quickly so that its benefits can begin to be felt in both countries.

The proposed Free Trade Agreement is a unique and unprecedented opportunity for Australia to hitch its economy of over 20 million people to the United States and its market of nearly 300 million consumers. It is a once-in-half-century opportunity that must not be missed. While we supported the conclusion of an agreement that would have been broader, and provided more progress on agriculture, that ultimately was not possible. With respect to those sectors not included, or receiving limited benefits, from the FTA, it can be fairly said that they are no worse off than the status quo with respect to their products, exports and trade rules. But for the rest of Australia's economy, this agreement is of huge benefit. The net balance, therefore, is a decisive gain for Australia in investment, jobs, exports, and growth. It deserves prompt ratification by Parliament.

From the standpoint of business there are a number of undeniable benefits that would flow from an FTA between the two countries.

#### 1. Trade Benefits

To be WTO consistent, an FTA between the US and Australia must cover "substantially all trade" between the countries. The final negotiated deal did in fact cover substantially all trade between the nations. This means that there are potential benefits for virtually all sectors including in areas that have been subject to trade barriers or other impediments to trade. This translates into liberalization in trade in goods as well as in services trade.



The gains for Australia will be across the board. The elimination of most tariffs on agricultural products will benefit the agribusiness sectors in both countries. Similarly, as a consequence of the agreement there will be virtually no tariffs on exports of manufactured goods including in automotive trade between the countries and none whatsoever after 2015. Our clever products will increasingly find a niche in the world's most sophisticated market. Enhanced access for Australian, and U.S. service providers in such sectors as the professions, business, education, environmental, financial and transport services will encourage a growing number of firms to the export increasing their market opportunities and helping to fuel their and the economies' continued growth.

To be sure, there were some areas in the final agreement in which hoped-for liberalization was not achieved. Australian sugar producers are undoubtedly disappointed at the lack of negotiated increased access to the U.S. market. We at Amcham were disappointed that provisions for increased mobility of business persons were not included because of current sensitivities in the U.S. In wide range of other areas, however, increased market access was agreed upon, to the benefit of both economies.

## 2. Other Economic Benefits

As expected, the FTA is what has been termed a "new age" agreement in that addresses a broader array of issues than simply trade in goods and services. It covers areas like government procurement, information technology issues, e-commerce, intellectual property issues and standards and the need for harmonization in various sectors. Australian and US interests stand to benefit from the improved access to the U.S. and Australian federal and state procurement processes, from the increased harmonized of the countries' intellectual property laws, from mutually assured freedom from barriers to e-commerce, and from understandings in sectors like telecommunications and investment, and in technical regulations and standards.

The net result of this liberalization is a close alignment between the economies of the two countries. This will result not only in increased interest and activity but also in enhanced conditions for important related fields such as financing and capital flows generally. Small and mid-sized businesses should be big winners both because costs of market entry will decline and as a result of increased export focus among their customers, growing receptiveness overseas for their products, and increased interest in support sectors such as financial institutions and trade facilitation advisory services.

## 3. Symbolic Benefits

An approved FTA would also have symbolic value as the recognition and embodiment of an important relationship for both countries. It would fit in well with other joint initiatives being considered and further cement the special relations that exist not only economically but also strategically. It also has served as a valuable precursor to other arrangements with regional trading partners, including potentially even the Peoples' Republic of China.

## 4. Strategic Benefit

The Australia-United States FTA also has strategic value within the world trading system. It has proven to be an extremely worthwhile initiative in the absence of tangible progress in the WTO Doha Round. The FTA's with Singapore, the U.S. and Thailand have led the way toward a "web" of trading relationships that in the end may well produce a multilateral system that would support and further the purposes of the WTO system. Assuming the Doha Round progresses, these and other FTAs could create useful leverage for keeping up multilateral momentum. The message clearly would be: if multilateral negotiations fail, the US and Australia and other trading partners have fall-back strategies. The US used this approach with useful effect as it continued to negotiate NAFTA even while the Uruguay Round was continuing (at fits and starts).

The United States and Australia could do no better than to further cement and foster the special relationship that exists, to the benefit of this and future generations in both countries. It is our sincere hope that the FTA is approved and implemented by both nations this year so that we may see the fruits of all the good work that has been done by the negotiators and all who have supported this landmark initiative.

Yours faithfully,

**Patrick B. Fazzone**  
Co-Chairman  
Trade & Government Committee

**Bruce Wolpe**  
Co-Chairman  
Trade & Government Committee

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