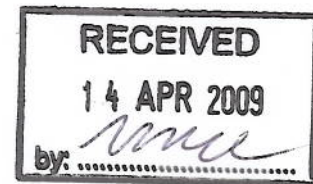


SUBMISSION No.2

TT 16 March 2009



14 April 2009

The Secretary  
Joint Standing Committee on Treaties  
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Dear Secretary

Thank you for your letter dated 24 March 2009.

The Australian Industry Group welcomes this opportunity to provide comment to the inquiry being undertaken by the Joint Standing Committee on Treaties on the Agreement establishing the ASEAN-Australia-New Zealand free trade area.

Ai Group supports the Australian Government's signing of the Free Trade Agreement with ASEAN and New Zealand (AANZFTA) on 27 February 2009, which represents a positive move in relations with our ASEAN neighbours and signals greater integration across the region's economies.

With the continued stalling of the Doha Round of the World Trade Organization talks, it is important that Australia continues to seek to broaden its market access with our key trading partners through comprehensive regional and bilateral free trade agreements which are able to deliver clear benefits to Australian industry.

We commend the Government's negotiating efforts in delivering as comprehensive an agreement as possible. At this time of global economic turmoil, it is critical that industry gains unimpeded access to export markets, and furthermore, that this access provides Australia with competitive positioning in the complex system of international trade agreements.

The ASEAN member economies have a population of 600 million, with an estimated combined GDP of US\$2.7 trillion. In their trading relationship with Australia, the ASEAN economies account for 21% of total trade, worth a significant \$103 billion. With this level of two-way trade, it makes the grouping a larger trading partner for Australia than any single country.

AANZFTA marks a substantial liberalisation of the trading relationship, which will deliver the elimination of most tariffs facing Australian goods exporters to ASEAN countries, either immediately after the Agreement comes into force, or phased in over a transition period.

While we note that there is still scope for greater market access for Australian motor vehicles to Indonesia and Malaysia, the Agreement will provide important market access gains for industrial products, in particular automotive parts and components, iron and steel products and aluminium products.

The Agreement also includes gains in services sectors such as professional and educational services. Under the AANZFTA framework, ASEAN countries have committed to a range of WTO-plus regulatory disciplines that will potentially provide greater certainty to Australian exporters and a reduction in Non-Tariff Barriers to imports.

AANZFTA further consolidates our bilateral agreement with Thailand through the improvement of some tariff commitments – including lower or earlier tariff elimination for Australian exports such as automotive sector products, iron, steel and aluminium products, wool and cotton, copper, lead and zinc.

Ai Group supports the finding of the *National Impact Analysis 2009*, which concluded that “entry into force of the AANZFTA will also support economic integration in the region and enhance Australia’s participation in the region’s evolving economic architecture through commitments in a range of areas, including trade in goods, trade in services, investment, intellectual property, temporary movement of natural persons, electronic commerce and economic cooperation”.

Ai Group looks forward to the ratification of the Agreement, following the completion of domestic requirements, and its entry into force no later than 1 January 2010.

Yours sincerely

A handwritten signature in black ink, appearing to read "Heather Ridout". The signature is fluid and cursive, with a horizontal line underneath the name.

**Heather Ridout**  
**Chief Executive**