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Mr Jerome Brown  
Acting Committee Secretary  
Joint Standing Committee on Treaties  
Suite R1-109  
Parliament House  
PO Box 6021  
Canberra ACT 2600

Dear Mr Brown

Agreement establishing the ASEAN- Australia-New Zealand Free Trade Agreement

Thank you for the invitation to provide comments on Australia's being party to the Agreement establishing the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

The Minerals Council of Australia (MCA) is the peak industry organisation representing Australia's exploration, mining and minerals processing industry nationally and internationally in its contribution to sustainable development. The MCA's strategic objective is to advocate public policy and operational practice for a world-class industry that is safe, profitable, innovative, environmentally and socially responsible and attuned to its communities' needs and expectations.

The MCA is a strong supporter of trade and investment liberalisation primarily through the World Trade Organization (WTO), but also through the pursuit of regional and bilateral trade agreements. In all cases the MCA advocates the Government negotiate strong, comprehensive agreements, with deep and broad liberalisation commitments that deliver genuine and commercially meaningful improvements in market access, greater transparency in regulatory regimes and increased certainty for Australian companies trading and investing abroad.

The MCA welcomed the signing of AANZFTA. The Agreement provides commercial advantages to the Australian minerals industry but most importantly provides a framework to allow the economic relationship between Australia, New Zealand and our key trading partners in South East Asia to continue to develop. It also establishes new institutional economic linkages to strengthen the economic and strategic engagements between Australia and the region and formal ongoing processes to encourage further liberalisation in trade and investment in the future.

Australia's minerals exports to ASEAN were estimated at about \$1 billion in 2007-08 and while, generally, minerals tariffs are not high it is pleasing that virtually all these tariffs will be bound at zero on entry into force of the agreement or phased down to zero over the next several years. Also, the Agreement will ensure the Australian mining industry is not competitively disadvantaged as ASEAN's own integration continues and as ASEAN extends its bilateral trade agreements with other trading partners.

Australian mining companies have expanded their activity through direct investments in the region and the MCA is pleased to see commitments on investment in the FTA which will improve transparency and certainty for Australian investors. However, more needs to be done to address the challenges faced by Australian mining companies in their operations in ASEAN.

The recent Fraser Institute Survey of Mining Companies, for example, found that the ASEAN countries included in the survey continued to rank poorly in the "Policy Potential Index" (PPI), which measures the overall policy attractiveness of 71 jurisdictions around the world to investment in mining exploration and development. In 2007/08, out of these 71 jurisdictions, Indonesia ranked 62<sup>nd</sup> and the Philippines 59<sup>th</sup>. By way of comparison Western Australia ranked 23<sup>rd</sup>.

Clearly, further progress is required to improve the investment attractiveness of the ASEAN members in this area, but the FTA is an important step forward. The on-going work program on investment contained in the "built-in agenda" of the Agreement should be pursued vigorously by the Australian Government.

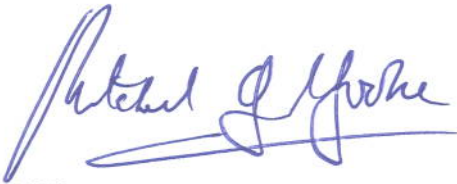
The timing of the signing of the Agreement was also important. In a globalised world, the economic vitality of countries is linked through trade and investment and it is crucial for all nations to maintain open markets to help the global economy recover and return to a path of growth. The latest estimates published by the OECD show that over the last quarter of 2008 and first quarter of 2009, world trade has fallen at an average annualised rate of more than 20%. A rate of decline not previously experienced over the last four decades. In the Asian region, the OECD reports that the fall has been even sharper - down over 30 per cent on an annual basis. As difficult as these circumstances are, any backsliding towards protectionism would be a disaster - serving only to deepen and prolong the current crisis, and must be resisted.

Trade must be allowed to play its essential role in the concerted policy response to the global financial and economic crisis. Australia's signing of this Agreement at this time and the commitment of all the participants in the AANZFTA provide a real demonstration of resolve and support for this important message.

Thank you again for the opportunity to comment on the AANZFTA. If you have any further queries please contact Stephen Dedy, Director, Economic Policy & Taxation, who has carriage of this portfolio within the MCA Secretariat.

I am also attaching, for information, a copy of the MCA Media Release of 27 February 2009 welcoming the signing of the Agreement.

Yours sincerely



MITCHELL H HOOKE  
CHIEF EXECUTIVE





# MEDIA RELEASE

## MINERALS COUNCIL OF AUSTRALIA

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### ASEAN - AUSTRALIA - NEW ZEALAND FREE TRADE AGREEMENT

Embargoed until 8pm, Friday 27 February

The Minerals Council of Australia today welcomed the signing of the ASEAN - Australia - New Zealand Free Trade Agreement.

The Chief Executive Officer of the MCA, Mitchell H Hooke, said the signing of the FTA was an important milestone for Australian trade and investment and a tangible example of the Federal Government's laudable commitment to free trade.

"This FTA provides commercial advantages to the Australian minerals industry but most importantly provides a framework to allow the economic relationship between Australia, New Zealand and our key trading partners in South East Asia to continue to develop," Mr Hooke said.

"Critically, the signing of the agreement in the midst of the global economic turmoil sends an important signal to the major world economies. It reinforces the crucial message that any backsliding on free trade towards protectionism would be a disaster – serving only to deepen and prolong the current crisis and must be resisted."

"In a globalised world, the economic vitality of countries is linked through trade and investment and it is crucial for all nations to maintain open markets to help the global economy recover and return to a path of growth."

"Trade must be allowed to play its essential role in the concerted policy response to the global financial and economic crisis. The signing of this agreement at this time supports this important message."

"Trade Minister Crean and his negotiating team should be congratulated for their skill and perseverance in delivering a comprehensive and commercially meaningful agreement. Credit is also due to the previous Government, including former Trade Ministers Vaile and Truss, for its pursuit of this agreement over a number of years."

"Australia's minerals exports to ASEAN were estimated at about \$1 billion in 2007-08 and while, generally, minerals tariffs are not high it is pleasing that virtually all these tariffs will be bound at zero on entry into force of the agreement or phased down to zero over the next several years."

"Australian mining companies have expanded their activity through direct investments in the region and the MCA is pleased to see commitments on investment in the FTA which will improve transparency and certainty for Australian investors."

"Further progress needs to be made in this area but the FTA is an important step forward and the on-going work program in this area is encouraging."

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D: 27 February 2009