



## **Committee recommends improvements to free trade negotiation process**

The Parliament's Treaties Committee today released a report into:

- the *Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)*; and
- two taxation Agreements with the Isle of Man.

"The AANZFTA is the largest free trade agreement Australia has participated in," the Committee's Chair, Mr Kelvin Thomson MP, said. "It contains some useful and innovative provisions that will liberalise trade with ASEAN countries in the coming years, but the Committee found that there is scope to improve some aspects of the free trade negotiation process."

In particular, the Committee has recommended that the Government include consideration of environment protection, protection of human rights, and labour standards in the negotiation mandates for all future free trade agreements.

"For example, AANZFTA encourages trade with Burma without regard to the human rights situation there, and may also permit trade in tropical timbers, threatening endangered species. It is important for the Australian Government to commence each free trade agreement negotiation with an intention to address issues such as these," Mr Thomson said.

The Committee has also made two recommendations that will prevent an agreed tariff in a free trade agreement from being higher than the existing tariff. These recommendations will overcome an anomaly evident in the AANZFTA, where the agreed tariff on certain goods is higher than the tariff that currently applies.

In addition, the Committee has recommended the Department of Foreign Affairs and Trade prepare a report on how to improve consultation with industry during free trade agreement negotiations.

In relation to the two taxation agreements with the Isle of Man, the Committee determined that the Agreements will assist international efforts to combat offshore tax evasion and will reduce the capacity of tax havens to exacerbate economic downturns, as appears to have occurred in the current global financial crisis.

The Committee heard evidence that the entry into force of these Agreements would accord with the G20's April 2009 condemnation of bank secrecy through effectively overriding bank secrecy in the Isle of Man.

The Committee recommended that binding treaty action be taken on all the treaties under consideration.

Report 102 is available on the Committee's website:

[www.aph.gov.au/house/committee/jsct/reports.htm](http://www.aph.gov.au/house/committee/jsct/reports.htm) or by contacting the Committee Secretariat on (02) 6277 4002.

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