
The Parliament of the Commonwealth of Australia

Australia's free trade agreements with Singapore, Thailand and the United States

Progress to date and lessons for the future

House of Representatives
Joint Standing Committee on Foreign Affairs, Defence and Trade

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Foreword

The Trade Sub-Committee convened a half-day hearing to review the progress of Australia's free trade agreements (FTAs) with Singapore, Thailand and the United States. Such a review is timely because, although these agreements have been in force for a short time – the Singapore agreement since July 2003 and the other two since January 2005 – Australia has embarked on negotiations on several other free trade agreements. The committee hoped the inquiry would identify issues arising from the current agreements that could assist with negotiating and implementing future FTAs.

In an attempt to identify issues common to the three FTAs, the morning's sessions were broken into themes: negotiations and consultations; the impact on trade and on business and industry; and lessons learned. Discussion was wide-ranging and a number of themes emerged, which are outlined in the report.

The main message to emerge from the hearing is that it is too early to assess the impact of the agreements with Singapore, Thailand and the United States. The effects of some changes under each FTA could take five to ten years to become apparent. During the hearing it also became clear that assessing the impact of FTAs is not straightforward. Australia's trade performance, especially when measured by increases in imports and decreases in exports, can be explained by factors unrelated to the FTAs. These include exchange rate variations and one-off or temporary events, such as a cancelled wheat shipment.

Despite the difficulty of assessing the FTAs the roundtable participants, consisting of government, business and industry, unions and trade experts, were largely satisfied with the conduct of negotiations and the performance of the FTAs to date. They also identified early benefits of the agreements, in particular increased interest from Australian exporters in doing business with Singapore, Thailand the United States. Although the timeframe might be longer than some had expected, participants were generally confident that the agreements will result in tangible benefits for Australian business, industry and consumers.

One of the reasons for this confidence was that the FTAs were viewed as living rather than fixed agreements, by virtue of provisions that enable aspects of each agreement to be reviewed and improved upon over time. This point was made several times during the hearing and the need to ensure such provisions exist in future FTAs was felt to be one of the most important lessons of the agreements with Singapore, Thailand and the United States.

The committee would like to thank the Department of Foreign Affairs and Trade and the participants who contributed their time and expertise at the roundtable. The roundtable format led to a constructive dialogue which the committee hopes to replicate in future reviews of Australia's FTAs. The committee would also like to thank the secretariat of the Trade Sub-Committee for their assistance with the hearing and preparation of this report.

The Hon Bruce Baird MP
Chair

Trade Sub-Committee

Membership of the Committee – 41st Parliament

Chair Senator A B Ferguson

Deputy Chair Hon G J Edwards, MP


Members	Senator the Hon N Bolkus <i>(to 23/06/05)</i>	Mr M Danby, MP
	Senator G Campbell <i>(from 23/06/05)</i>	Mrs T Draper, MP
	Senator the Hon P Cook <i>(to 30/06/05)</i>	Mrs J Gash, MP
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	Hon B G Baird, MP	Mr B H Wakelin, MP
	Mr P A Barresi, MP	Mr K W Wilkie, MP

Committee Secretariat

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Chair Hon B G Baird, MP

Deputy Chair Hon W E Snowdon, MP

Members	Senator G Campbell	Hon J E Moylan, MP
	Senator A Eggleston	Hon G D Prosser, MP
	Senator D Johnston	Hon B C Scott, MP
	Senator R S Webber	Mr R C G Sercombe, MP
	Mr P A Barresi, MP	Mr C P Thompson, MP
	Mrs T Draper, MP	Mr M B Turnbull, MP
	Hon G J Edwards, MP	Ms M Vamvakinou, MP
	Mr B W Haase, MP	Mr B H Wakelin, MP
	Mr M J Hatton, MP	Mr K W Wilkie, MP
	Hon D F Jull, MP	



Terms of reference

Pursuant to paragraph 1 (b) of its resolution of appointment, the Joint Standing Committee on Foreign Affairs, Defence and Trade is empowered to consider and report on the annual reports of government agencies, in accordance with a schedule presented by the Speaker of the House of Representatives.

On 15 June 2005 the Trade Sub-Committee resolved to examine the 2003-2004 annual report of the Department of Foreign Affairs and Trade, focusing specifically on Australia's free trade agreements.



List of abbreviations

SAFTA	Singapore-Australia Free Trade Agreement
ASEAN	Association of South East Asian Nations
TAFTA	Thailand-Australia Free Trade Agreement
AUSFTA	Australia-United States Free Trade Agreement
DFAT	Department of Foreign Affairs and Trade
FTA	Free trade agreement
JSCOT	Joint Standing Committee on Treaties
ROOs	Rules of origin
TCF	Textile, Clothing and Footwear industry
RIS	Regulation Impact Statement



List of recommendations

2 Themes and Issues

Recommendation 1

That, where possible, trade figures identify the items that fall within the scope of an FTA.



Program

**PUBLIC ROUNDTABLE HEARING
REVIEW OF AUSTRALIA'S FREE TRADE AGREEMENTS
FRIDAY 19 AUGUST 2005
9:00 am to 12:00 pm
Committee Room 1R4**

- 09:00 am** **Chair's Opening Statement**
- 09:05 am** **SESSION 1**
Negotiations and Consultations - what went well, what didn't?
- 9:30 am** **SESSION 2**
FTAs in Operation - the impact on trade and on business and industry
- 10:30 am** **Morning tea**
- 10.45am** **SESSION 3**
Lessons for the future
- 12pm** **ADJOURNMENT**



List of participants

Name	Position and organisation
Mr Hamish McCormick	Executive Director, Government and Corporate Services, Austrade
Mr Garth Taylor,	Acting Manager, International Liaison Unit, Americas, Austrade
Mr Pat Stortz	Manager, South East Asia, South Asia and the Pacific, Austrade
Mr Andrew Stoler	Institute for International Business, Economics and Law, University of Adelaide
Ms Freya Marsden	Director Policy, Business Council of Australia
Dr Brent Davis	Australian Chamber of Commerce and Industry
Ms Shelley Scott	Australian Chamber of Commerce and Industry
Mr John Arndell	Director, Valuation and Origin Section, Australian Customs Service

Mr Scott Mitchell	Policy Manager, Trade, National Farmers' Federation
Mr Ric Wells	First Assistant Secretary, China FTA taskforce, DFAT
Mr Graeme Lade	Director, Malaysia, Brunei and Singapore Section, DFAT
Ms Jeannie Henderson	Director, United States and Canada Section, DFAT
Mr Paul Grigson	First Assistant Secretary, South and South East Asia Division, DFAT
Ms Virginia Greville	Assistant Secretary, Trade Commitments Branch, DFAT
Mr Damien Miller	Executive officer (TAFTA and Thailand), South and South East Asia Division, DFAT
Mr Brendan Pearson	Director, Public Affairs, Minerals Council of Australia
Ms Alison Tate	International Officer, ACTU