



NAVIGATING THE EXPORT JOURNEY BILATERAL VS MULTILATERAL TRADE AGREEMENTS

BILATERAL VS MULTILATERAL TRADE AGREEMENTS

- A **bilateral trade agreement** confers favoured trading status between two nations.
- By giving them access to each other's markets, it increases trade and economic growth.
- The terms of the agreement standardise business operations and level the playing field.
- Each agreement covers five areas:
 - Reduces or eliminates tariffs and other trade taxes
 - Countries agree they won't dump products at a cheap cost
 - The governments refrain from using unfair subsidies
 - The agreement standardises regulations, labour standards and environmental protections.
 - Agree not to steal the other's innovative products. They adopt each other's copyright and intellectual property laws.
- Advantages
 - Bilateral agreements increase trade between the two countries.
 - They open markets to successful industries. As companies benefit, they add jobs.
 - The country's consumers benefit from lower costs.
 - Bilateral trade agreements are easier to negotiate than multilateral trade agreements. They can go into effect faster, reaping trade benefits more quickly.
- Disadvantages
 - Any trade agreement will cause less successful companies to go out of business with the loss of workers jobs
 - Bilateral agreements can often trigger competing bilateral agreements among other countries, whittling away the advantages that the free trade agreement confers between the original two nations.

BILATERAL VS MULTILATERAL TRADE AGREEMENTS

- **Multilateral trade agreements** are commerce treaties among three or more nations.
- Multilateral agreements reduce tariffs and make it easier for businesses to import and export.
- Multilateral trade agreements strengthen the global economy by making developing countries competitive.
- They standardise import and export procedures giving economic benefits to all member nations.
- Their complexity helps those that can take advantage of globalisation, while those who cannot often face hardships.
- **Advantages:**
 - Treats all member nations equally.
 - Makes international trading easier.
 - Trade regulations are the same for everyone
 - Helps emerging markets
 - Multiple nations are covered by one treaty.
- **Disadvantages:**
 - Negotiations can be lengthy, risk breaking down.
 - Easily misunderstood by the public
 - Some companies and regions of the country suffer when trade borders disappear.
 - Benefits giant multinational corporations over small businesses.

AUSTRALIA'S TRADE AGREEMENTS

- Australia's trade agreements, both with individual countries (bilateral) and groups of countries (multilateral) provide:
 - Better Australian access to important markets
 - An improved competitive position for Australian exports
 - More prospects for increased two-way investment
 - Reduced import costs for Australian businesses and consumers alike
 - New or better access to markets for service exports
 - Guarantees of existing services access in some areas
 - Reduced regulatory barriers in different service sectors
 - Improving mobility for business travel, and
 - Enhanced protections and certainty for investors.

AUSTRALIA'S FREE TRADE AGREEMENTS IN FORCE

The following are Australia's free trade agreements (listed with the entry-into-force date):

- Australia – New Zealand (ANZCERTA or CER) – 1 January 1983
- Singapore – Australia (SAFTA) – 1 January 2003
- Australia – United States (AUSFTA) – 1 January 2005
- Thailand – Australia (TAFTA) – 1 January 2005
- Australia – Chile (ACIFTA) – 6 March 2009
- ASEAN – Australia – New Zealand (AANZFTA) – 1 January 2010 for eight countries: Australia, New Zealand, Brunei, Myanmar, Malaysia, the Philippines, Singapore and Vietnam. For Thailand: 12 March 2010. For Laos: 1 January 2011. For Cambodia: 4 January 2011. For Indonesia: 10 January 2012.
- Malaysia – Australia (MAFTA) – 1 January 2013.
- Korea – Australia (KAFTA) – 12 December 2014.
- Japan – Australia (JAEPA) – 15 January 2015.
- China – Australia (ChAFTA) – 20 December 2015.
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) – 30 December 2018
- Australia – Hong Kong (AHKFTA) – 17 January 2020
- Peru – Australia (PAFTA) – 11 February 2020
- Indonesia – Australia Comprehensive Economic Partnership Agreement (IACEPA) – 5 July 2020
- Pacific Agreement on Closer Economic Relations (PACER) Plus – 13 December 2020