shoalhaven EXPORT HUB

FREE 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

Australia’s Free Trade Agreements Concluded But Not Yet In Force

- Pacific Agreement on Closer Economic Relations (PACER) Plus

  PACER Plus was signed in Nuku’alofa in Tonga on 14 June 2017 by Australia, New Zealand and eight Pacific Island countries – Cook Islands, Kiribati, Nauru, Niue, Samoa, Solomon Islands, Tonga and Tuvalu.

Australia's Free Trade Agreements Under Negotiation

- Australia – European Union Free Trade Agreement
- Australia – Gulf Cooperation Council (GCC) Free Trade Agreement
- Australia – India Comprehensive Economic Cooperation Agreement
- Australia – United Kingdom Free Trade Agreement
- Environmental Goods Agreement

  The Environmental Goods Agreement is an attempt by some World Trade Organization Members to reduce tariffs on goods that benefit the environment to reduce costs and benefit trade. Participating WTO Members include Canada, China, Costa Rica, the European Union and its 28 member states, Hong Kong, Iceland, Israel, Japan, Korea, New Zealand, Norway, Singapore, Switzerland, Taiwan, Turkey and the United States. The Australian Government is chair of the EGA negotiations.
- Pacific Alliance Free Trade Agreement

  Australia and a regional trading bloc comprising Chile, Colombia, Mexico and Peru.
- Regional Comprehensive Economic Partnership

  16 Indo-Pacific countries – Australia, Brunei Darussalam, Cambodia, China, India, Indonesia, Japan, the Republic of Korea, Lao PDR, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, Thailand and Vietnam.
- Trade in Services Agreement

  The Trade in Services Agreement (TiSA) is a services-only trade agreement being negotiated in Geneva among a subset of WTO Members, jointly led by Australia, the European Union and the United States. There are currently 23 TiSA parties (50 economies).

Export Documentation

- The documents that you will need for exporting will vary depending on which country you are exporting to, and how you are transporting the cargo.
- It is important to investigate which export documents apply to your business.
- There will be many other types of documents you need, such as bills of lading, bills of exchange and insurance certificates.
- The Austrade website maintains information on each market and the import documents that are required for that market.
- As a new exporter, your first step is to register with Australian Customs for their Integrated Cargo System (ICS).
- The ICS is the Department of Home Affairs' single system for the management of imports and exports. The system accepts information provided by importers and exporters as well as transport and logistics service providers and provides the Department and other government agency authority for cargo movement and clearance.
- Exporters use the ICS to declare their intention to export goods meeting the criteria set out in the *Customs Act 1901*.
- Importers use the ICS to declare the import of goods to the Department of Home Affairs and the Department of Agriculture (if required).

Certificates of Origin

- Certificates of Origin verify the place of growth, production or manufacture of goods.
- The Certificate of Origin identifies goods and contains an express certification by a government authority, or other empowered body, that the goods in question originate in a specific country.
- A Certificate of Origin is required when exporting to specific countries, when requested by the consignee for customs clearance, or when it's stipulated in a letter of credit.
- In accordance with some free trade agreements, Certificates of Origin are required as part of the application for preferential tariffs. For example, Australian exports must be registered under the Thailand-Australia Free Trade Agreement (TAFTA) and accompanied by a TAFTA Certificate of Origin in order to qualify for the preferential rates.

Phytosanitary Certificate

- A phytosanitary certificate is issued by the Australian government for the benefit of the government of the importing country, testifying to the plant health status of the certified product.

- The certificate guarantees that Australian plants or plant products: have been inspected and tested using appropriate procedures.

- The exporters who frequently export goods under the categories of plants and animals and plant and animal products are required to apply for Health/Phytosanitary Certificates for every consignment. These goods are known as export controlled goods and their import and export are controlled by Australia's Department of Agriculture and Water Resources (DAWR).

- An important part of preparing Phytosanitary Certificates is to thoroughly read and understand the importing country's regulations and requirements.

- A phytosanitary certificate for export mentions important things like the details about the exporter and consignee, place of origin, country of final destination, point of entry, container number, consignment details, disinfestation treatment details and so on.

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- Phytosanitary Certificate E16

  It approves that the products being exported have undergone inspection against the pests and are free from the quarantine and injurious pests. The certificate is prepared adhering to the international templates and to fulfil the specific phytosanitary requirements of the destination country.
- Phytosanitary Certificate EX25

It is the Australian re-export phytosanitary certificate which is required if you wish to export the prescribed products imported from some other country. For this, you must be able to produce the phytosanitary certificate obtained from the original country along with the goods. Also, the products will be inspected to ensure that they have not been infested while in Australia before the certificate for re-export is issued.

In order to complete the documentation correctly, the expert you choose must know the difference between prescribed goods and non-prescribed goods. According to the Export Control Act of 1982, the goods that must be inspected and certified by the authorized officers are known as prescribed goods. For example, grains and fresh fruits and vegetables are the goods that belong to this category.

Non-prescribed goods are those which according to the above-mentioned Act don't essentially require certification. An example of this category is fish oil strictly meant for manufacturing purposes.

Whether the goods are prescribed or non-prescribed, different importing countries may set guidelines for certifications of different types of goods. These requirements are compiled in the Manual of Importing Country Requirements (MICoR). The documentation expert you choose must refer to this manual in order to know the exact requirements of the country you plan to export to.

Prescribed and Non-Prescribed Goods

- The Department of Agriculture, Water and the Environment controls exports of agricultural products listed or 'prescribed' in the Export Control Act 1982 and associated legislation.
- Goods prescribed in the legislation require certification to enable entry into the importing country.
- Export commodities controlled by the department are listed or 'prescribed' in the legislation.
- Prescribed goods—or goods included in a class of prescribed goods—include:
  - dairy products
  - eggs and egg products
  - fish and fish products
  - fresh fruit and vegetables
  - grains and seeds
  - hay and straw
  - live animals
  - meat and meat products
  - organic produce
  - plants and plant products.
- The objective of the legislation is to enable trade by ensuring that export commodities meet importing country requirements and are fit for purpose. If the commodity is a food, it must be:
  - fit for human consumption
  - accurately described and labelled
  - fully traceable, if necessary.
- Some animal or plant by-products may be exempt from government control under the legislation, such as:
  - fish oil for manufacturing or pharmaceutical purposes
  - fish meal for pet food.
  - These products may not require government control to be exported. However, in some cases, trading partners may require compliance with importing requirements, including certification.
- Highly processed products, like wines, usually can be exported without government controls. These are unlikely to transmit plant or animal diseases and will meet relevant food safety criteria. In rare circumstances they may require certification.

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Prescribed and Non-Prescribed Goods

- Non-prescribed goods only require certification if it is a requirement of the importing country.
- Non-prescribed goods are not regulated by Australian export laws. To export, you must meet all conditions set by the importing country.
- Non-prescribed goods are not regulated by Australian export laws. Examples of non-prescribed goods may include:
  - animal by-products
  - cosmetics
  - inedible blood
  - nutritional supplements
  - dried pet food
  - processed foods
  - rendered fats and oils
  - rendered meats
  - skins and hides
  - wool
- Confirming that your goods are non-prescribed can be complex. If you are not sure if your product is a non-prescribed good, contact the Department of Agriculture, Water and the Environment.