



Editorial Comment by Peter Hendy, Chief Executive, to the Herald Sun, Wednesday 23 July, 2003

“Trade Opportunity of a Lifetime”

A bold and comprehensive free trade agreement between Australia and the United States is very much in Australia’s interest.

It would mean more investment, more jobs and stronger economic growth.

A free trade agreement (FTA) just means getting rid of artificial trade barriers such as tariffs, quotas and other restrictions, enabling both countries to expand their trade in goods and services.

Contrary to a lot of hysterical misinformation, the proposed FTA will not be a free-for-all with the US imposing its will on us.

Rather, it will be mature judgement by the governments on our nationals that their citizens will be better off with fewer barriers to trade and commerce.

So when scare campaigns are run about the possible abolition of the Pharmaceuticals Benefits Scheme or a reduction of Australian-made programs on television, quite simply, unless the Australian Government agrees to it, it won’t happen.

An FTA with the US is about improving access for Australian manufacturers and other exporters to the huge American market, the largest and most dynamic in the world. Indeed, many people may not realise the US is already Australia’s largest single trading partner, and one of our fastest growing export markets.

The US is also our second most important destination for manufactured exports (after Japan) and our most important market for investment and services.

By comparison, Australia is only the US’s 24th largest trading partner, suggesting a lot of room for increased market share. And, we should not forget the US is the largest single destination for Australian investment abroad (\$177 billion) and our largest single source of foreign investment (\$235 billion).

Without doubt, the US maintains a number of restrictive arrangements that hurt Australian businesses.

It maintains high tariffs and quotas on dairy products such as cheese and butter, as well as a range of other food items including sugar, beef, fruit, vegetables and wine.

The US levies tariffs on foreign cars and other industrial products, restricts the ability of non-US citizens to practise their skilled trades and professions in the US and imposes restrictions on the entry of foreign telecommunications companies.

It also locks out Aussie boat builders who have a great export product.

These restrictions cost Australia hundreds of millions of dollars, and possibly many hundreds of jobs, each year.

The Australia-US FTA is not the only free trade-style agreement the Australian Government is negotiating. While not many people may have heard of it, the Australian Government, with the support of commerce and industry here, is working hard at what is called the World Trade Organisation's Doha Round.

The Doha Round, named after Doha in Qatar, is about trying to make the whole world one big free trade area. Or to look at it another way, Australia having freer trade agreements with more than 140 countries, not just a few here and there.

Reaching agreement on an Australia-US FTA will not be easy and there are many difficult issues, which both sides will need to address.

These cover sensitivities in agriculture, manufacturing, services and intellectual property, as well as the various "nuts and bolts" issues that make such agreements work, including what trade negotiators call "trade facilitation" such as port handling and customs clearance and where something is made.

These are also, however, the source of the dividends from such an agreement.

The opportunities for Australian firms to form closer economic relations with the US are potentially massive. For example, the US is probably the world leader in information technology and closer commercial relations will improve our competitiveness in this important industry in the future.

With the positive attitude of the US towards Australia after the Iraq War, this is a once-in-a-lifetime opportunity to reach an economic agreement that will enhance our continuing economic growth for many years to come.

We must not let it pass us by.