

Annex 6. Attitudes of Australian business to an FTA

Initial positions of industry

The positions of industry toward a Free Trade Agreement with the United States, as reflected below, are based on initial consultations conducted as part of this study as well as representative views expressed during a conference held on the implications of such an agreement in June 2001: *“An Australian United States Free Trade Agreement – Opportunities and Challenges”* run by the Australian APEC Study Centre. As a result of attendance at the consultations and the Conference, it is estimated that representatives of approximately forty organisations have been consulted and expressed their initial views in relation to the FTA.

It is worth noting that these consultations marked only an initial assessment of preliminary views of industry and would by no means be the only opportunity for industry consultation, but rather the starting point. The full range of issues is yet to be fully canvassed and researched. Once this has commenced, a formal and comprehensive process of consultations with industry would be developed by the Government. Most companies expressed that they have yet to do their own analysis at such an early stage of discussion and eagerly await further study of the issues in greater detail.

Our work indicates that industry is generally supportive of an agreement. One major peak organisation said an FTA with the US offered “enormous opportunities”, particularly through the dynamic benefits of closer links with the US economy. Many organisations underlined their support for pursuing the multilateral agenda of the WTO as a priority, but considered a Free Trade Agreement with the United States a means of delivering initial gains and further benefits over the longer term when pursued complementary to the WTO. Sectors identified early as having a strong interest in securing access to the US market include IT companies and wine producers.

The following is a summary of the results of consultations discussed according to relevant issues identified by participants and broad sectors of industry (agriculture, manufacturing, IT, mining etc):

Tariffs

Manufacturing could see benefit in securing an agreement with the US for the removal of US tariffs on some intermediate inputs, although some industries held concerns about opening up a small Australian market to greater competition from the US industry with its advantage in economies of scale. Overall, there was support for arrangements that would benefit Australia economically. The mining industry was in favour of an agreement that could deliver the removal of both Australian and US tariffs. Some agricultural industries saw an agreement as an important means for opening up protected US markets or building on existing exports and investment.

Non tariff barriers

The IT Sector raised US intellectual property enforcement as a barrier to entry as a potential issue to be included in an FTA as a means of improving market access. Manufacturing expressed interest in alleviating restrictions for market access for some products, such as electrical, through a free trade agreement, as well as dealing with regulatory issues concerning manufacturing and pricing, and in intellectual property issues.

Some cultural organisations expressed concern about the need to maintain Australian content rules in broadcasting under a free trade agreement.

Subsidies

Agriculture raised several areas in relation to subsidies that could be considered under an FTA, including the use of export credits by the US.

Quarantine

There was strong interest in maintaining a scientifically based quarantine system.

Agriculture expressed concern over the continuation of stringent quarantine controls on certain US diseases under an FTA where if relaxed, could compromise Australia's disease free status in other major export markets.

Standards and conformance

There was strong interest from manufacturing in pursuing harmonisation and mutual recognition of differing Australian and US standards for certain products and components under a free trade agreement. Some companies were interested in mutual recognition of US standards for the purpose of improving market access for their products or incorporating standards from global agreements as part of an FTA.

Services

The IT industry raised several issues in relation to US company practices in the area of telecommunications and online gambling that could be considered as part of an FTA. Some services industry noted potential benefits of attracting greater attention of US investment funds.

Competition Policy and Investment

Most industries were in favour of an agreement that could deliver increased levels of investment to Australia. The mining industry was in favour of removal of distortions in inward investment from the US as part of an agreement, though noted avoidance in all inward investment was preferable.

The IT industry noted there were additional issues regarding US non-recognition of networks and costs of access to them.

Government procurement

In the event of inclusion of government procurement in an FTA, industry held concerns over existing US non-tariff barriers in areas of defence and the use of offsets and how they could be dealt with.

Dispute Settlement

General enquiries were raised regarding the mode of dispute settlement that would exist under a free trade agreement with the US.

Environment and labour

The mining industry was of the view that there was no need for labour or environment issues to be considered as part of an FTA with the United States.

Other

Agriculture expressed a need to maintain close relationships with Asian members of the Cairns Group whilst pursuing closer relations with the US.

