

ASEAN-Australia- New Zealand Free Trade Agreement



Benefits for Australia

ASEAN is one of Australia's most important trade and economic partners and has supported regional security and prosperity for more than 50 years. Australia has worked closely with ASEAN since becoming its first dialogue partner in 1974.



The Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) entered into force on 1 January 2010 and forms the central pillar of Australia's trade and investment relationship with ASEAN.

AANZFTA is ASEAN's highest quality free trade agreement in market access openings for goods trade. Since entry into force in 2010, it has eliminated tariffs on 96 per cent of Australian exports to the more developed Southeast Asian markets.

In 2022, ASEAN was Australia's second largest trading partner accounting for \$178 billion in two-way trade and ASEAN Member States also represent six of Australia's top 15 export markets. The upgrade further deepens Australia's engagement with Southeast Asia, which is a priority of the Australian Government.



Australian Government



AUSTRALIA

September 2023. More information on the ASEAN-Australia-New Zealand Free Trade Agreement is available at dfat.gov.au/aanzfta



AANZFTA signing ceremony. From left: H.E. Dato Dr Amin Liew Abdullah, H.E. Dr Zulkifli Hasan, the Hon Tim Watts, Hon Rino Tirikatene. Source: ASEAN.org

Since the commencement of upgrade negotiations in 2020, Ministers from Australia, New Zealand and the Association of Southeast Asian Nations (ASEAN) signed the Second Protocol to upgrade AANZFTA on 21 August 2023 in the margins of the ASEAN Economic Ministers' consultations in Semarang, Indonesia.

The Signing of the upgraded AANZFTA means that Australia, New Zealand and ASEAN have agreed to all the new and enhanced commitments the upgrade will provide. Parties will now ratify the agreement via their respective domestic procedures. The upgraded AANZFTA will enter into force when Australia, New Zealand and at least four ASEAN Member States ratify.

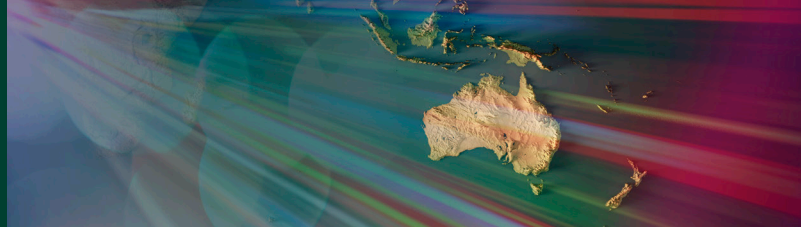
With its focus on improved services and investment outcomes, the AANZFTA upgrade will maintain Australia's competitive edge in Southeast Asia and will be ground-breaking for Australian exporters looking to diversify. It will also boost investor confidence in the region.

Goods

AANZFTA is ASEAN's most liberal agreement for goods, and Australia's third most utilised agreement for goods. The AANZFTA Upgrade now makes trading under AANZFTA even easier.

The upgraded AANZFTA will establish new regional rules of origin that make it easier and less costly for businesses to access AANZFTA's benefits. New accumulation rules will give traders more flexibility in sourcing and shipping inputs, promoting greater integration into regional and global supply chains. In addition, there is now a standalone consignment provision that provides for transshipment and offers clearer and broader scope for goods to retain their originating status when transiting through countries outside of AANZFTA.

The upgraded AANZFTA will also empower traders when it comes to completing documentation to access its benefits. In addition to maintaining Certificate of Origin arrangements familiar to Australian businesses, the upgrade also establishes an option for self-certification (Declarations of Origin), with scope for proof of origin to be accepted in electronic format. In addition, third party invoices will only require information to be provided where known.



Electronic Commerce

The upgraded AANZFTA will provide certainty for businesses and consumers engaging in digital trade or buying online and support the growth of the digital economy in Australia. Specifically, the chapter includes obligations that will promote a move towards paperless trading in the digital economy through the acceptance of e-signatures and e-authentication, and by encouraging the adoption of interoperable electronic invoicing systems. Rules on the protection of personal information, consumer protection, transparency and the prevention of unsolicited communications will promote trust and confidence in the digital economy (for example spam).

The movement of data across borders is a fundamental aspect of cross border digital trade, with most transactions involving the creation and transfer of data. The upgraded AANZFTA will include rules that support the free flow of data across borders and prevent unjustified data localisation requirements, while maintaining appropriate regulatory space in certain areas, including for the protection of privacy.

Services and Investment

The upgrade will lock in improved business conditions across a range of commercially relevant services and investment sectors. AANZFTA will establish high quality rules for investment and the supply of services between AANZFTA Parties, including obligations to provide access to foreign service suppliers (market access), to treat local and foreign suppliers and investors equally (national treatment) and to treat foreign suppliers and investors at least as well as suppliers and investors of any other non-AANZFTA country (most-favoured-nation or MFN).

The sector-specific commitments provided by the other Parties represent substantial improvements over those contained in the original AANZFTA agreement. These improvements will provide greater certainty for Australian service suppliers and investors across sectors including: professional services; education services; financial services; communications services; healthcare services; construction and related engineering services; tourism, recreational, cultural and sporting services; transport services; and wholesale trade and retailing services.

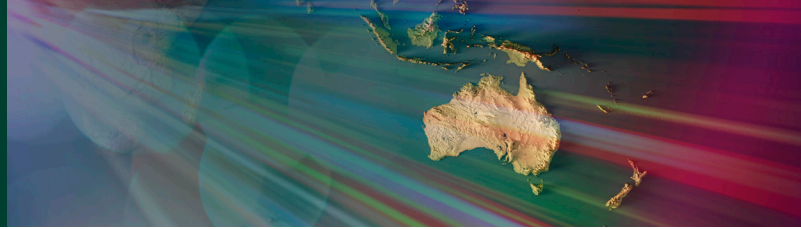
Australian professional service suppliers stand to benefit from stronger rules and legal architecture under the upgraded AANZFTA, including as a platform for the development of mutually acceptable professional standards. Importantly, the upgrade puts industry in the driver's seat to streamline licensing and registration systems that will ease the movement of professionals and reduce costs and time for them and their clients.

An Annex on Education Services already plays an important role in enhancing growth and prosperity for Australia, while deepening institutional and people-to-people links with Southeast Asia. The upgrade will provide an important signal of the Parties' mutual priorities and interests in the education services sector, including to encourage cooperation in education quality assurance processes and the recognition of qualifications, and encourage cooperation on the development of training, programs, and staff exchanges.

In an Annex for Financial Services, the upgrade will enhance transparency to enable financial services exporters to more easily understand and comply with laws and regulations across the region. Financial services suppliers will also benefit from future commitments on electronic documentation and payments, as well as the opening of new markets for the supply of innovative financial services.

New rules on Telecommunication Services commit Parties to safeguard telecommunications service providers' right to resale, supporting new entrants in the market. The upgrade also supports clear domestic regulation to help keep markets competitive, and transparency of telecommunications disputes resolution processes that will help Australia's providers to navigate AANZFTA markets.

Australia and New Zealand will maintain an active and constructive engagement with ASEAN economies on trade and investment issues, including a commitment to review AANZFTA's existing Investor-State Dispute Settlement mechanism.



Movement of Natural Persons

The upgrade builds on existing AANZFTA commitments related to movement of natural persons. It will give Australian businesspersons certainty and clarity on temporary entry and stay access in the region while protecting the integrity of Australia's borders, domestic labour force, and permanent employment. The upgrade establishes rules for the temporary entry and stay of natural persons between AANZFTA Parties, including new obligations to facilitate and streamline immigration formalities. These include obligations to accept immigration formalities in electronic format, accept copies of authenticated documents, and publish relevant information in English.

Competition

The upgrade will include new commitments on consumer protection, including regional cooperation on the development and implementation of competition rules. The upgrade will now contain obligations requiring AANZFTA Parties to adopt or maintain competition laws and regulations to proscribe anti-competitive actions and enforce those laws accordingly. AANZFTA Parties will be obliged to adopt or maintain laws or regulations to proscribe the use in trade of misleading practices or false or misleading deceptions. It also provides for cooperation between the AANZFTA Parties on consumer protection and on competition law enforcement.

Government Procurement

The upgraded AANZFTA agreement includes a new standalone government procurement chapter that will enshrine important, best practice government procurement principles, and lay the groundwork for enhanced engagement with ASEAN and New Zealand. While the upgraded AANZFTA does not include market access obligations, Australian businesses will benefit from enhanced transparency and integrity in the government procurement process when bidding for contracts across the region. Australian suppliers will also have easier access to procurement opportunities through the use of electronic procurement systems.

Trade and Sustainable Development

The upgraded AANZFTA will include a new, ASEAN-first Trade and Sustainable Development chapter in a trade agreement, which will commit Parties to enhanced cooperation on labour rights, women's economic empowerment, and environmental protection. This chapter will also facilitate Australia's targeted economic cooperation activities under the Regional Trade for Development Program (RT4D), to support ASEAN members to implement their commitments.

The chapter recognises Parties' commitments to sustainable development, environmental protection, labour protections and women's economic empowerment. Parties also recall their commitment to multilateral environment and labour agreements to which they are individually a Party, as well as to the 2030 Agenda for Sustainable Development and its Sustainable Development Goals. Parties additionally recognise that it is inappropriate to weaken or reduce levels of protection in their environmental or labour standards to encourage trade and investment. The chapter facilitates economic cooperation activities in these areas, including in climate, green and blue economy, energy and sustainable development broadly.

Micro, Small and Medium-sized Enterprises

Australian micro, small and medium-sized enterprises (MSMEs) are key exporters and contributors to employment and economic growth. The AANZFTA upgrade's new dedicated chapter on MSMEs will provide a framework for sharing information on best practice programs and activities to enhance the capability of MSMEs to participate in and benefit from trade, including the opportunities created by the upgraded agreement.