



21 July, 2015

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

By email: jsct@aph.gov.au

Dear Secretary

China-Australia Free Trade Agreement

I write to support the China-Australia Free Trade Agreement (ChAFTA) signed on 17 June 2015 by the Australian Minister for Trade and Investment, Andrew Robb, and the Chinese Commerce Minister, Gao Hucheng, and now before the Joint Standing Committee on Treaties.

ANZ congratulates the Australian Government on the finalisation of a comprehensive Free Trade Agreement. It will significantly boost trade in goods and services, and bilateral investment flows, between Australia and China. ANZ believes ChAFTA will increase the growth and diversity of the Australian economy and is in Australia's national interest.

China is already Australia's largest two-way trading partner, accounting for AUD150 billion or 23 per cent of Australia's trade in 2013. Australia receives a high share of China's outbound investment flows at around 10%, or USD9-10 billion for the period 2011 to 2013. 800,000 Chinese visitors now come to Australia annually, up from 280,000 in 2005. 95,000 Chinese students are enrolled in Australia representing 25% of all international students in Australia.

ChAFTA substantially extends the strong relationship between China and Australia. To support our business customers and help them take advantage of ChAFTA, ANZ published a detailed report in March, *ANZ Opportunity Asia – The ChAFTA and implications for Australian business*. The report describes the opportunities arising from the agreement and is available at <https://bluenotes.anz.com>.

Reductions in tariffs for agricultural and other products will promote opportunities for all sizes of businesses. ChAFTA eliminates tariffs over time in agricultural sectors including beef, sheepmeat, dairy, wine, leather and hides, horticulture, seafood and pork. Tariffs are removed on resources, such as coal and alumina, as well as on pharmaceutical and process food products.

ChAFTA includes important commitments in a range of services sectors and creates a strong base for further liberalisation of bilateral services trade. It commits China to improved market access in around 40 areas to



levels either equivalent or better than those enjoyed by other nations. Tourism, aged care, health, finance, engineering, construction and legal firms are among the potential beneficiaries.

In relation to the finance sector, ANZ congratulates the Government for achieving the first treaty level commitments by China in relation to financial services. Streamlined branch access applications will assist Australian banks to expand in China. More transparent and liberal regulatory processes and rules will strengthen the relationship between Chinese regulators and Australian financial service providers. They increase certainty for Australian investors more broadly. We look forward to the negotiation of a comprehensive investment chapter (Article 9.9).

ANZ particularly endorses the inclusion of 'Most-Favoured Nation' provisions. This means Australia benefits from any more favourable treatment of trade, services and investment that is offered in the future by China to other trading partners. We note that MFN is not applied to financial services under Annex 8B but that there is provision to ensure that ChAFTA is an evolving Agreement that will deliver further liberalisation in future.

ANZ wishes to endorse a number of additional specific outcomes in relation to services and financial services and these are detailed in the attachment.

ANZ also notes and support the steps being taken by the Government to help Australian businesses, particularly small and medium businesses, to take advantage of ChAFTA. A pleasing initiative is the *E-commerce in China – a guide for Australian business* report published by Austrade in June 2015. This report contains practical information in areas such as preparing a product for the Chinese market, steps in selling and distributing products in China and Chinese regulation.

ANZ looks forward to ChAFTA's entry into force and to supporting Australian businesses to take advantage of the opportunities it is creating. ANZ Deputy CEO Graham Hodges is available to answer questions or appear if this would assist the Committee in its considerations.

Yours sincerely

Rob Lomdahl
Head of Government and Regulatory Affairs

ATTACHMENT

Comments on specific ChAFTA Articles

Article 8.13: Domestic Regulation

- ANZ supports the objective of ensuring domestic regulations in key sectors are reasonably and objectively administered.
- We look forward to the outcome of the joint review of qualification requirements and procedures, technical standards and licensing requirements to ensure consistency with GATS Article VI.

Annex 8B, Article 3: Domestic Regulation

- ANZ supports protections in relation to prudential regulation and customer privacy.

Articles 8.14: Recognition; Article 8.15: Qualifications Recognition Cooperation; Annex 8B, Article 4: Recognition

- ANZ welcomes efforts to improve recognition of education and experience or licences or certification of service suppliers
- We also note our support for recognition of prudential measures.

Article 8.18: Transparency; Annex 8B, Article 5: Transparency

- ANZ strongly supports these provisions to ensure regulatory changes and licensing requirements are transparently communicated, including processes and timelines for administrative decisions on the supply of financial services.

Article 8.20: Committee on Trade in Services; Annex 8B, Article 7: Committee on Trade in Services and Financial Services

- Commitments in ChAFTA to regularly review the operation of the Agreement and discuss further measures to promote the liberalisation of trade in services will also create a strong base for future liberalisation and the smooth operation of the current Agreement.

The Side Letter on Financial Services also sets out an important pathway for further cooperation on issues including over-the-counter derivatives (securities) and payment systems, combating money laundering, and branch applications.