

SUBMISSION NO. 7
TT on 14 August 2012



14 September 2012

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
CANBERRA ACT 2600
AUSTRALIA
Per email: jcst@aph.gov.au

**FEDERAL CHAMBER
OF AUTOMOTIVE
INDUSTRIES**

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AUSTRALIA
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Dear Sir/Madam

Re: The Malaysia-Australia Free Trade Agreement (MAFTA)

The Federal Chamber of Automotive Industries (FCAI) is Australia's peak organisation for the automotive industry and represents the vehicle manufacturers and importers of passenger vehicles, light commercial vehicles and motorcycles sold in Australia.

The FCAI has appreciated being kept up to date regarding negotiations that have led to the signing of MAFTA on 22 May 2012. Further, the FCAI is aware that arrangements have been put in place to commence a series of "automotive dialogues" between Australia and Malaysia and an initial meeting has been planned for 21 and 22 November 2012 in Melbourne.

The FCAI remains concerned about the non-tariff barriers and local content rules that are in place in Malaysia. The FCAI is aware of further discussion around these matters through negotiations for the Trans Pacific Partnership (TPP) and would ask the Australian Government to continue to argue for a reduction or elimination of any discriminatory taxes or excises or other forms of non-tariff barriers that are in place in countries where Free Trade Agreements are being negotiated.

As you would understand, these barriers make the playing field very uneven. Under the current MAFTA criteria, it's highly unlikely that Australian built vehicles will be exported to Malaysia because the existing NTBs will make these vehicles uncompetitive in the Malaysian market. Conversely, the FCAI believes MAFTA will facilitate a significant increase in Malaysian vehicle imports to Australia, which will result in a sizeable automotive trade imbalance.

Yours sincerely

Tony Weber
Chief Executive