

Article Information

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China-Australia Free Trade Agreement Signed

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*After more than a decade of negotiations, the China-Australia Free Trade Agreement (ChAFTA) was signed in Canberra on Wednesday, 17 June 2015. ChAFTA is expected to have a significant impact on Australian businesses and consumers given China is Australia's largest trading partner, with almost a quarter of Australia's total trade. **Partners, Esteban Gomez and Ted Williams** discuss.*

ChAFTA is expected to boost Australia's economy by creating jobs as well as reducing or eliminating tariffs on up to 95% of Australian goods exported to China. The industries expected to benefit include beef, sheep, dairy, wine, seafood, resources and energy products, manufactured goods and horticulture. The agreement is also expected to give Australian businesses an advantage over competing nations doing business with China, such as the United States, Canada and the European Union, and will act as a counterbalance to concessions currently held by other nations with a China free trade agreement in place, such as New Zealand.

Australia will also progressively remove tariffs on Chinese imports, including electronics and whitegoods, which will not only make these products cheaper for Australian consumers but should also stimulate Australian businesses who are able to source components more cheaply.

ChAFTA will result in the relaxation of thresholds for foreign investment into Australia in the same manner as for private investors from the US, Japan, South Korea, Chile and New Zealand (other countries with whom Australia has free trade agreements in place). Proposed investments by state owned enterprises, or proposed investments in certain prescribed sensitive sectors such as defence, media, telecommunications and transport will remain unaffected, consistent with current FIRB policy. ChAFTA will also facilitate market access to China for a range of Australian industries including financial services, education, construction, manufacturing, telecommunications, health and aged care. A 'most-favoured nation' provision is included in the agreement to protect Australia's competitive position if China proposes in the future to offer concessions to other trade partners in certain sectors.

Labour mobility will also be increased between the two countries, including by way of investment facilitation arrangements operating within Australia's existing visa system which will be available for large infrastructure projects over \$150 million and will allow Australian business to respond quickly to changing labour demands.

ChAFTA will provide Australia with an advantage over other nations who do not have a China free trade agreement in place. It is critical for Australian business to take advantage of the concessions granted by ChAFTA as, over time, it is to be expected that similar concessions may be granted to other nations. Now that ChAFTA is signed both countries will commence domestic processes to bring the agreement into force.

Australia also recently concluded free trade agreements with Japan and South Korea, resulting in increased exports to these markets, and has number of other free trade agreements in place or under negotiation including with India, Indonesia and as part of the ongoing Trans-Pacific Partnership negotiations.

For more information on this, please contact [Esteban Gomez](#), [Ted Williams](#) or a member of our [International Trade team](#).