

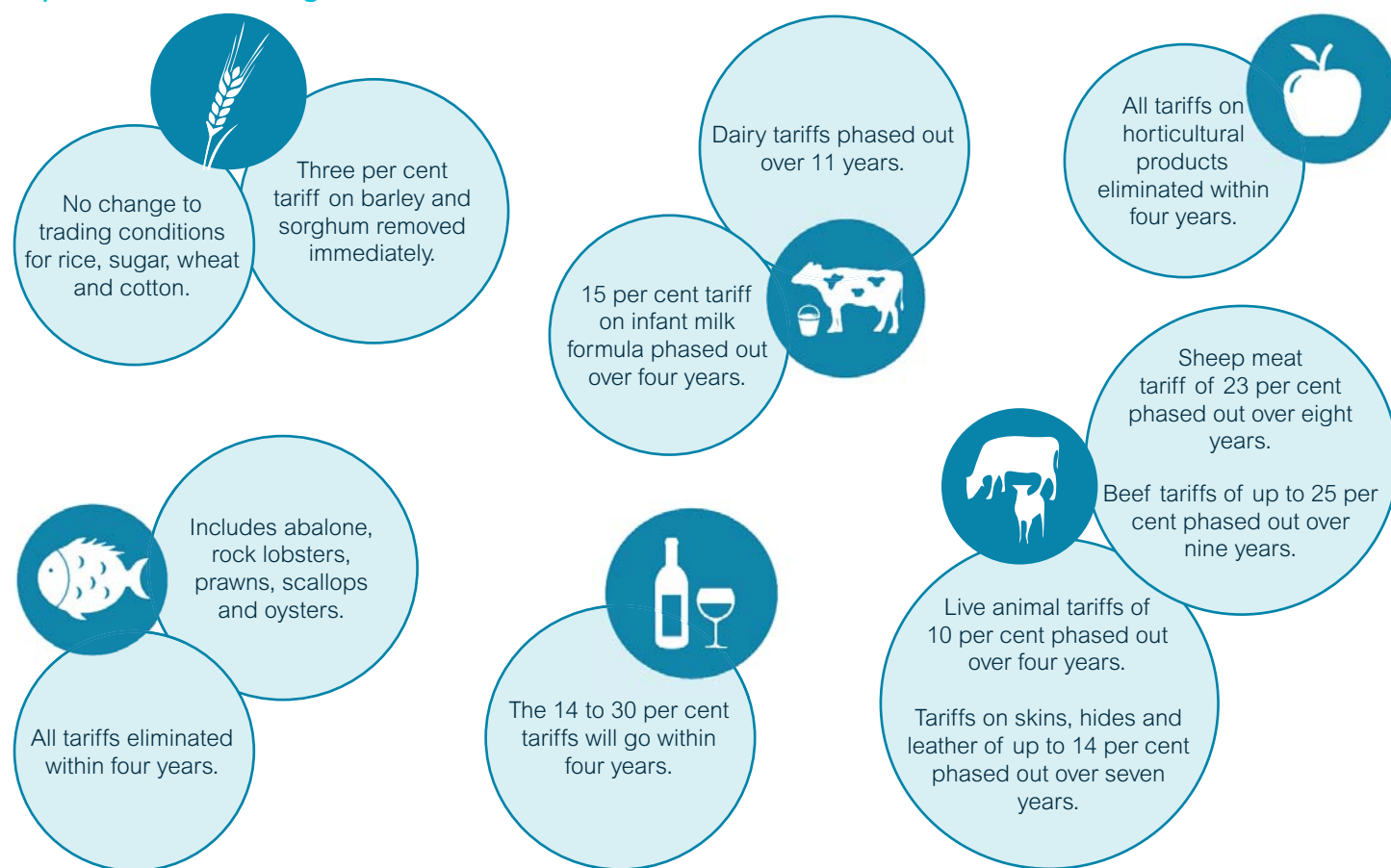
# CHINA-AUSTRALIA FREE TRADE AGREEMENT

NOVEMBER 2014



- The Australian Government has signed a Free Trade Agreement (FTA) with China that will see tariff reductions across the economy including for grain, dairy, wine, livestock, seafood and horticultural products.
- The China – Australia FTA (ChAFTA) is the third FTA to be concluded this year after deals were struck with Korea in February and Japan in July. In this year alone Australia has concluded FTAs with Asia's three largest economies.
- ChAFTA will help Australian food and fibre exporters compete in China with products from New Zealand that already benefit from the 2008 New Zealand – China Free Trade Agreement (NZCFTA).

## Impact on Australian Agriculture



- ChAFTA includes provisions for foreign investment. The threshold for screening by the Foreign Investment Review Board (FIRB) has been raised to \$1.08B to match the threshold given to the US, Japan and Korea.
- For agricultural investments, the threshold for screening by FIRB is \$15M for rural land and \$53M for agribusiness. This is consistent with the Korea and Japan FTAs.
- Investments by State-Owned Enterprises will still require FIRB approval regardless of the size of investment.
- Signing of ChAFTA is the first step. The agreement is expected to be finalised in the coming months and will then need to be ratified by the Australian Parliament.

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- Australian food and fibre exports to China have increased by 15 per cent annually over the past decade.
- China is Australia's single most valuable food and fibre export market, valued at \$8.1B in 2013/14.
- 56 per cent of Australia's wool production is exported to China, along with 13 per cent of grain, nine per cent of red meat and one per cent of milk production, highlighting the importance of China to Australian agriculture.

## Value of Agricultural Trade with China in 2013/14



Data: GTIS

	Top 2 import categories from China	(\$M)	Top 2 export categories to China	(\$M)
NSW	Prepared foods and ingredients	\$56.60	Cotton	\$697.59
	Fish and crustaceans	\$56.12	Wool	\$414.32
NT	Dried fruit and nuts	\$0.55	Crustacean shells or coral	\$2.10
	Fish and crustaceans	\$0.05	Macadamia nuts	\$0.15
QLD	Fruit and vegetable preparations	\$28.36	Cotton	\$609.47
	Prepared fish and crustaceans	\$22.02	Frozen beef	\$432.12
SA	Fish and crustaceans	\$4.12	Canola	\$95.15
	Dried fruit and nuts	\$3.28	Frozen sheep meat	\$88.34
TAS	Wheat gluten	\$5.39	Milk and cream	\$27.78
	Frozen vegetables	\$2.49	Wool	\$19.99
VIC	Fish and crustaceans	\$161.47	Wool	\$875.05
	Biscuits	\$25.52	Raw hides and skin	\$401.14
WA	Fish and crustaceans	\$13.00	Wool	\$354.31
	Fruit and vegetable preparations	\$7.04	Canola	\$219.35

Data: GTIS



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