

Free Trade Agreements as a Vegetable Grower-Exporter

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



What is a Free Trade Agreement?

A Free Trade Agreement (FTA) is an agreement between two or more countries with the aim of liberalising the trade of goods and services and access to investment between those countries, and ultimately growing the economies of the countries involved.

An FTA does this by removing barriers to trade, such as eliminating most (if not all) tariffs and removing quotas on goods that can be exported or imported. Many FTAs also address other barriers to trade, including:

- Intellectual property protection
- Restrictions on foreign service providers
- Government procurement policies that favour domestic industry
- Customs procedures

Each FTA is negotiated separately and while there are common elements, each reflects the negotiating powers and the issues for the countries involved. As such, each is slightly different, and care needs to be taken when identifying opportunities.

Benefits of Free Trade Agreements

- Makes Australian vegetables more competitive
- Increases vegetable exports
- Signifies willingness between partners to overcome market access issues
- Creates opportunities for new markets

Taking advantage of FTAs

- Understand how to correctly classify products
 - Classifying your product correctly can be complex
 - Every item that is exported needs to have an HS Code and tariff number assigned to it
 - The Harmonized System (HS) for classification is universal so the same code is used for the same product in every country (to a six digit level)
- Understand when Certificates of Origin are required
- Choose the most advantageous FTA agreement for your trade
 - Some countries are part of multiple FTAs, and may have differing tariff schedules for the same commodity.
 - It is important to look at what FTAs apply to your product and choose the one with the most advantageous conditions

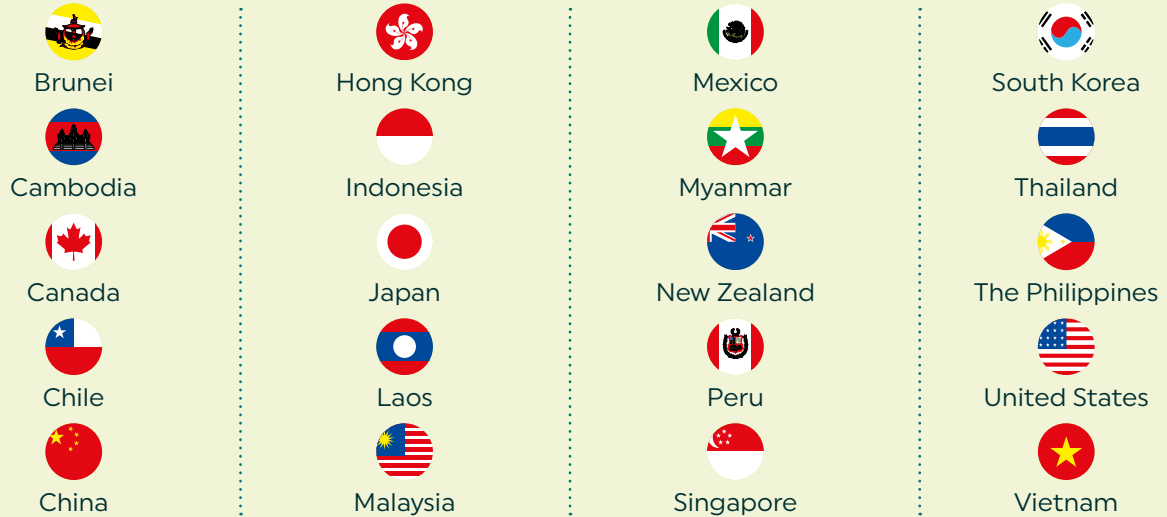
FTAs and Market Access

- FTAs do not guarantee access for a new commodity to market or make regulatory restriction easier to overcome.
- The tariff reductions delivered by FTAs are designed to make Australian vegetables more competitive and therefore increase vegetable exports.
- The signing of FTAs typically signifies willingness between partners to overcome market access issues.

Australia has fourteen Free Trade Agreements (FTAs) currently in force:

- ANZCERTA
- MAFTA
- PAFTA
- AACI – FTA
- A-HKFTA
- AUSFTA
- JAEPA
- SAFTA
- KAFTA
- IA-CEPA
- AANZFTA
- CPTPP
- TAFTA
- ChAFTA

The following countries are involved in at least one FTA with Australia:



FTAs not yet in force:

Pacific Agreement on Closer Economic Relations (PACER) Plus

Countries:

- Cook Islands
- Nauru
- Samoa
- Tonga
- Vanuatu
- Kiribati
- Niue
- Solomon Islands
- Tuvalu

Australia is currently engaged in eight other FTA negotiations:

- Australia-European Union Free Trade Agreement
- Australia-Gulf Cooperation Council (GCC) Free Trade Agreement
- Australia-India Comprehensive Economic Cooperation Agreement
- Environmental Goods Agreement
- Pacific Alliance Free Trade Agreement
- Regional Comprehensive Economic Partnership
- Trade in Services Agreement
- Australia-United Kingdom Free Trade Agreement



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The key FTA outcomes for the vegetable industry are summarised below:

AANZFTA 1-Jan-10

ASEAN – Australia – New Zealand Free Trade Agreement

In January 2018 tariffs on all fresh vegetable commodities were eliminated to Malaysia, New Zealand, Singapore and Vietnam. Indonesia and the Philippines continue to have tariffs on some commodities such as (but not exclusively) potatoes, carrots and brassicas. Thailand has excluded potatoes, onions, shallots, and garlic from FTA commitments, however have eliminated tariffs on all other fresh vegetables.

ACL-FTA 6-Mar-09

Australia – Chile Free Trade Agreement

As a low cost producer of vegetables, Chile is not a significant export destination Australian fresh vegetables. However, those that do reach Chile are free from tariffs.

A-HKFTA 17-Jan-19

Australia – Hong Kong Free Trade Agreement

Hong Kong does not currently apply tariffs to goods imported from Australia, the agreement provides reciprocal elimination of import tariffs, giving certainty for Australian exporters that Hong Kong will continue to provide duty-free entry.

ANZCERTA 1-Jan-83

Australia – New Zealand Closer Economic Relations Trade Agreement

Elimination of tariffs on all fresh vegetables. Ensures close collaboration across quarantine, customs, and transport and product standards amongst both countries.

AUSFTA 1-Jan-05

Australia – United States FTA

Tariffs for all fresh vegetable have been eliminated with the exception of mushrooms which will be eliminated by 1 January 2022.

ChAFTA 20-Dec-15

China – Australia Free Trade Agreement

All fresh vegetable exports to China are free from tariffs.

CPTPP 30-Dec-18 (Agreement signed)

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Most Australian vegetable exports already have duty free access under existing FTAs, with all tariffs on vegetable exports to Vietnam, Malaysia, Singapore, New Zealand, Brunei and Chile already eliminated. It is expected that, when the FTA enters into force, the CPTPP will see the elimination of all of Canada's vegetable tariffs, and most of Peru's and Mexico's vegetable tariffs.

IA-CEPA 5-Jul-20

Indonesia – Australia Comprehensive Economic Partnership Agreement

Most vegetable products have had tariffs eliminated under AANZFTA. Key IA-CEPA outcomes include:

Carrots – Import quota of 5,000t per year, growing to 10,000t per year after 10 years, with a decreasing tariff schedule during this time.

Potatoes – Import quota of 10,000t per year, growing to 12,500t per year after five years, with a decreasing tariff schedule during this time.

JAEPA 15-Jan-15

Japan – Australia Economic Partnership Agreement

Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.

KAFTA 12-Dec-14

Korea – Australia Free Trade Agreement

When the Agreement entered into force, 98% of Australia's vegetable exports to South Korea saw a tariff reduction. Carrots had a reduction of 30% on tariffs over five years to 2019. Potatoes maintain a set 30% tariffs for ware potatoes.

MAFTA 1-Jan-13

Malaysia – Australia Free Trade Agreement

Malaysia is a major destination of Australian vegetable exports, MAFTA has eliminated all tariffs on Australian vegetable exports.

PAFTA 11-Feb-20

Peru – Australia Free Trade Agreement

Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.

SAFTA 28-Jul-03

Singapore – Australia Free Trade Agreement

All vegetable exports to Singapore are free from tariffs.

TAFTA 1-Jan-05

Thailand – Australia Free Trade Agreement

Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.