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Review of Bilateral and Regional Trade Agreements  
Productivity Commission  
GPO Box 1428  
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American  
Chamber of  
Commerce  
in Australia

**Submission to the Productivity Commission on the Review of  
Bilateral and Regional Trade Agreements**

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The American Chamber of Commerce in Australia believes freer and more open international trade contributes significantly to higher rates of economic growth and rising living standards.

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We strongly support multilateral trade liberalisation and support the World Trade Organisation process. However, we also believe that bilateral trade negotiations and regional trade negotiations should also be pursued. We do not see these strategies as mutually exclusive.

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We believe bilateral negotiations can act as a catalyst for progress at a broader multilateral level.

Further, we believe that the economic benefits of trade liberalisation are maximised when trade agreements are supported and augmented by other economic agreements, which remove economic structural impediments between trading partners.

As an example, we cite the US/Australia Free Trade Agreement, which is supported and augmented by a suite of bilateral agreements between the USA and Australia. These agreements include: Double Tax Treaty, measures to facilitate the movement of people (E3 Visas, working holiday agreements and others), Social Security Equalisation Agreement.

The US/Australia Free Trade Agreement has been particularly successful. While it is difficult to precisely quantify the dollar value of any international trade agreement, there are numerous specific examples of Australian companies benefiting from the agreement.

We have attached a listing of examples of Australian companies benefiting from the US/Australia Free Trade Agreement. This schedule was prepared by Austrade with input from the American Chamber of Commerce in Australia and other organisations and sources.

In conclusion, the American Chamber of Commerce in Australia is strongly in support of bilateral and other negotiations to reduce and eliminate barriers to trade. We believe governments should seek to extend the benefits of trade liberalisation measures by also negotiating other international agreements, which remove impediments and restrictions on other areas of economic activity and facilitate impediment-free business links between countries for both capital and human resources.

For and on behalf of the American Chamber of Commerce in Australia.

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**Charles Blunt**  
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**Australian Government**  

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**Austrade**

# **Success stories of businesses operating in free trade agreement markets**

Prepared by Austrade, Corporate Marketing & Communications  
April 2006

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## 2. EXECUTIVE SUMMARY

As part of Austrade's ongoing examination into the free trade agreements (FTA) between Australia and the United States, Singapore and Thailand, Austrade has been conducting in-depth interviews with companies that are trading in these markets.

This qualitative research has been undertaken to understand how businesses are benefiting from FTAs.

Detailed telephone interviews have been conducted with representatives of a large number of Australian companies. Further relevant feedback and other material was also derived from DFAT State Offices and various media sources.

### **3. AUSTRALIA- U.S. FTA (AUSFTA)**

#### **3.1 OVERVIEW**

The Australia-United States Free Trade Agreement (AUSFTA) came into force on 1 January 2005. AUSFTA is a landmark agreement with the world's largest economy (and with a population of nearly 300 million and a GDP of US\$11 trillion) and one of Australia's most important trading and investment partners.

In 2005, two-way trade in goods and services between the two countries was worth A\$41.5 billion. Of this, Australia exported A\$9.2 billion in goods (down 3 per cent) and A\$4.45 billion in services (up 4.1 per cent) to the US, and imported A\$27.83 billion in goods and services. Prior to AUSFTA, most US products enjoyed easy access to Australia, while by comparison, the US had pockets of high protection which limited the entry for competitive Australian products. AUSFTA benefits many of these Australian export industries. For example, AUSFTA gives Australian industry access to the \$200 billion US federal government procurement market and those of key US state governments for the first time.

This research has shown that there are a number of sectors that are reporting opportunities opening up since 1 January 2005. The scope and extent of the effect that AUSFTA's implementation is having across all sectors of Australia's trade with the US is also limited by the fact that the agreement has only been in effect for a relatively short period of time, and companies are still overcoming changes brought about by the Agreement.

This section examines how Australian companies across various different industries are benefiting under the new trading regime with the US brought on with the advent of AUSFTA.

### 3.2 INDUSTRY SECTORS (AUSFTA)

#### (IN ALPHABETICAL ORDER)

##### **AGRIBUSINESS**

In 2005, Australian agricultural exports to the US were worth around \$3.41 billion per year and represented 24.9 per cent of total exports to the US. However, there were significant tariffs and tariff rate quotas on exports to the US. Two thirds of US tariffs on agricultural products were eliminated on day one of AUSFTA. A further 9 per cent of US tariffs will be eliminated by 2008 and the remainder will be phased out over longer periods. After the Agreement has been in force for 18 years, all Australian agricultural products will enter the US almost wholly tariff free. Many companies in this sector have reported that tariff cuts since 1 January 2005 have led to greater market opportunities.

##### **Agrilink**

Hilton, SA

Soil moisture probes

Agrilink designs and manufactures soil moisture sensors, wireless systems and provides web-based data delivery systems that monitor plant water use, soil moisture, and agricultural weather stations for a wide variety of crops. After winning partnerships with two of North America's largest agriculture products distributors, Agrilink is now seeking to expand its product lines within the US market. "Australia is recognised globally as a leader in irrigation agriculture and technology; many parts of the US have similar dry environments to Australia, and US customers have latched onto our products," said Peter Moller, Agrilink's director of business development and co-founder. "With AUSFTA, we have experienced tariff reductions on our products, which translates to a 10-12 per cent reduction on list price, a significant saving we can pass on to our customers and enough to make us competitive in the US market against similar products. Furthermore, AUSFTA levels the playing field for Agrilink against companies that have already enjoyed tariff reductions before Australia, like Canada with NAFTA."

##### **Riversun**

Renmark, SA

Citrus fruits

Riversun is an amalgamation of growers in the Riverland which is on the border of Victoria and South Australia. The company exports navel oranges, lemons, tangelos, tangerines, and clementines. Director Steve Allen maintains AUSFTA saved the company \$600,000 last year. Riversun has exported into the US for 14 years and distributes to over 40 states. Horticulture Australia reported that Riversun is the biggest Australian exporter of citrus into the US. There was a 5 per cent tariff drop on some citrus fruits due to AUSFTA. Wayne Prouse of Horticulture Australia said "AUSFTA had made a difference to citrus sales generally".

## **World's Best Hoof Oil**

Bendigo VIC

Equine products

Bruce Dalton, owner, says that thanks to AUSFTA, "There has been a reduction in tariffs to 0 per cent on our product. That means a lower price to our consumers in the ultra-competitive US market." Mr Dalton also sees advantages that flow from AUSFTA that have nothing to do with tariff gains, but rather on the historical bonds between Australia and the US. "I've used the AUSFTA in our advertising because it underlines and further strengthens the strong links between the two countries," he said.

## **BEEF**

Australia is one of the world's most competitive beef producers, but historically our potential was limited by high tariff barriers in some key markets, including the US. Beef is Australia's largest export to the US, but before the introduction of AUSFTA tariff-free quotas were capped at 378,214 tonnes a year. In the new era of AUSFTA, annual quotas will increase by 20,000 tonnes in 2007, reaching 70,000 additional tonnes 18 years after the commencement of the Agreement. In-quota duty has also been eliminated and the over quota tariff will be phased out over 18 years.

## **OBE Beef**

Hendra, QLD

Organic beef products

OBE Beef, of Hendra, Queensland, prides itself on providing fully-certified organic beef products to consumers in Australia and globally, with the guarantee of being fully traceable. Following an Austrade-assisted buyer visit by OBE Beef, US organic supermarket chain Wild Oats selected OBE Beef patties and introduced them under private label. OBE Beef business manager, Simone Tully maintains that AUSFTA had a very positive impact on the company's bottom line and the general US / Australia business environment. "On an initial level, AUSFTA has removed a 10 per cent tariff, which makes it easier to get our value-added beef products on the shelf and at a competitive price for consumers. On a broader level, it's a win-win situation for US and Australian companies who can now work together more seamlessly to supply larger customers, through alliances and partnerships."

## **AUTOMOTIVE**

The US is the world's largest market for automobiles and auto parts and has risen to be as high as the third largest destination for our auto products. Historically, the tariffs for Australian vehicles and automotive parts were generally low (for example there was a 2.5 per cent duty on passenger motor vehicles). However, they were as high as the 25 per cent duty imposed on light commercial vehicles that effectively prevented the export of Australian made utes to the US.

Since the introduction of AUSFTA, all US tariffs on automobiles and auto parts have been eliminated. This improved tariff-free access to the enormous US market will ensure Australian auto manufacturers enjoy today and will continue to enjoy an important edge against competitors from other markets.



**ARB**

Kilsyth, VIC

Car accessories (mainly 4WDs)

ARB began operations in 1975, manufacturing a range of accessories for 4WD vehicles capable of handling the harsh conditions of Australia's outback. ARB commenced exporting in 1987, with an initial focus on the US market. The Air Locker (a traction aid), ARB's initial export product to the US, established ARB's reputation for quality, allowing the company to introduce other products into the market such as bull bars and suspension which have also been well received. Jim Jackson, president of ARB 4x4 Accessories for North America, maintains the tariff reductions under AUSFTA of 2.5-3 per cent on some ARB products make a difference in product pricing. "This in turn makes our products more price competitive. In other cases where pricing has been set, it allows ARB to gain some savings. In the future, ARB is looking to greater market penetration and sales in the US, with the help of AUSFTA," Mr Jackson said.

**EGR Group**

Salisbury, QLD

Auto parts and accessories

EGR Group, based in Brisbane, supplies automotive parts and accessories to big names such as GM, Ford, and Toyota in 40 countries worldwide. President Geoff Thompson maintains AUSFTA is saving his company money due to tariff reductions on extruded plastics. "The US market is very price-sensitive and tariff reductions of 2 or 3 per cent can make the difference between getting new business or not. AUSFTA gives EGR better access to potential clients and makes the company more competitive. The tariff eliminations as a result of AUSFTA on plastic products will provide EGR with the opportunity to gain new and mid-term contracts worth millions of dollars over the next few years," Mr Thompson said.

**Schefenacker Lighting Systems Australia**

Taree, NSW

Lighting systems

Recently awarded Manufacturer of the Year by the Hunter Manufacturers Association, Schefenacker Lighting Systems Australia has been awarded a new tier 2 contract to supply LED / electronic assemblies to BMW Spartanburg North Carolina. Ross Healey, plant manager, said the contract will realise additional sales of \$1.5 million per year for the next five years. "AUSFTA provided Schefenacker Lighting Systems Australia with the competitive advantage to win new business over our European competitors. As a result of this customer win, we are bidding for other contracts in the US with confidence. Further success will provide additional employment opportunities at Schefenacker, and therefore have a positive effect on the region," Mr Healey said.

## **COSMETICS**

### **Aromababy**

Thomastown, VIC

Organic and natural skin care products

Aromababy manufactures a range of natural and organic baby care products such as body wash, massage oil, nappy cream, shampoo, body lotions and healing balms. Catherine Arfi, managing director, maintains AUSFTA has smoothed Aromababy's market entry into the US. "Tariff reductions on cosmetics and creams ensure a much more attractive proposition to US importers considering our product, which is a definite bonus for us. Our manufacturing costs are high: we use premium, Australian raw materials. If we are able to lower our retail pricing by reducing or eliminating a tariff, then it makes trading to the US much more viable for all parties. There is immense interest in Australian products and services at present. I was amazed at the acceptance of Australian products in the US. AUSFTA means selling our products in the US is more viable to potential business partners and we therefore have the ability to increase our business in the future," Ms Arfi said.

## **DAIRY**

Prior to AUSFTA, Australia exported around \$51 million of dairy products to the US annually, making it one of Australia's fastest-growing export sectors. Historically, however, one third of our exports to the US were restricted by quotas, with a raft of products effectively locked out of the market. Now, in the era of AUSFTA, there have been reductions of up to 25 per cent on US cheese tariffs and a rise in the quota for key duty-free dairy products at an average rate of 5 per cent per annum.

Companies are finding AUSFTA has opened a door to the US market.

### **Bega Cheese**

Bega, NSW

Cheese

The Bega Cheese Co-operative Society Limited was founded in Bega NSW in 1899 and has grown to become the number-one selling dairy cheese brand in Australia. However, prior to the implementation of AUSFTA, Bega determined that it did not make business sense to enter the lucrative US market due to high tariffs on cheeses and other dairy goods. As Mr Hocking noted, "before AUSFTA came into effect, we did not export to the US - nor did we have any intention of exporting there. We just could not be competitive. But as soon as AUSFTA was signed, we started looking for an appropriate agent/distributor in the US. It is only because AUSFTA came into effect that we decided to enter the US market." As for the future, Mr Hocking said, "our quota is to increase by 5 per cent every year and so Bega's aim is to expand its business in the US by five per cent every year as well."

## **FLORA-CULTURE**

Under AUSFTA, cut flowers have a maximum tariff reduction of 6.4 per cent. Gains for Australian companies beyond tariffs have also been reported, such as greater ease in taking Australian flowers through US customs.

**Pinerise Peonies**

Highcroft, TAS

Flowers

Marg Hansen, the owner, started growing tulips in 1980 and started with peonies in 1991. In 2005 she exported for the first time. Because of AUSFTA, she saw an opportunity to approach the US floral market. As a result, samples were sent last November and initial

feedback was excellent. The response was that they were of the very highest quality. Mrs Hansen said, "there are considerable opportunities for Australian suppliers. AUSFTA has been very helpful. The reduction in tariff helps me to compete against peonies coming into the US from other growers, especially the major competition in New Zealand. I was impressed by how easy it was to send flowers to the US. It was as easy as sending them to Western Australia."

**FOOD & BEVERAGE**

Under AUSFTA, tariffs on all Australian horticulture products will be eliminated over an 18-year period and many have already been eliminated. Among those eliminated are tariffs of up to US 8.8 cents per kg for olives and US 6.6 cents per kg for mangoes. Tariffs on oranges, fresh macadamia nuts and mandarins dropped to 0 per cent from day one of AUSFTA. Tariffs on processed macadamia nuts will be eliminated within four years.

Several companies are taking advantage of tariff reductions under AUSFTA and are finding success in the US. They report that the agreement is a way of publicising "Brand Australia" to the US. There is also a strong feeling among exporters that they can find a niche in the US market and sell Australian produce in terms of coming from an unpolluted, clean environment.

**Agrimac International Enterprises**

Alstonville, NSW

Macadamia nuts

Founded in 1993, Agrimac began exporting immediately and today 80 per cent of its revenue comes from exports. Despite macadamias being native to Australia, it's only been relatively recently that Australian companies have reclaimed the nuts as Australian products. (For many years, most macadamias came from Hawaii). Under AUSFTA, there has been an elimination of the tariffs on Agrimac's raw macadamia nut products. Darren Burton, general manager and export manager said "although the reduction of raw macadamia duties under AUSFTA are small, any saving for the customer is good for business." Agrimac is looking to expand in the US and intends to double its size over the next six to seven years; and AUSFTA forms a major plank in this strategy.

**Dandaragan Estate**

Cloverdale, WA

Olive oil

Adam Wilson, Dandaragan Estates' marketing manager, said AUSFTA has "put a focus on the US market for exporters". He said trading into Europe incurs quite severe duties. "AUSFTA has helped, but not so much with sales at this stage because we trying to bring new product into the market. It's very early days. AUSFTA has made a difference across the board because now we can compete with the world in the US on an even keel."

**34 Degrees**

Ashgrove, QLD

Specialty / deli foods

The company specialises in specialty / deli food items. These include crackers, specialty cheeses, olives, semi-dried tomatoes, fruit pastes, spiced fruits, salt, olive oils and vinegars.

Kylie MacNamara, 34 Degrees director, maintains AUSFTA tariff reductions on such items as olives and cheeses has helped the business grow, and will have a huge impact on the bottom line of the company. "One of the biggest gains for us under AUSFTA is with cheese; we were paying hefty cheese duties, but we've had great success with the quota and the reduced tariffs. Olive tariffs are also reduced to 0 per cent. With AUSFTA, there is a sense that Australia is a growing trading partner and there is much more American awareness of our produce and food products capabilities."

**Ollo Olive Oil**

Virginia, SA

Olive oil

In 2005, Ollo took its products to the highly competitive US market. AUSFTA has been a major factor in breaking into the market. Tariffs for olive oil entering the US are now 0 per cent. As Mr Ley notes, "AUSFTA is a positive factor because the biggest issue for our product is not quality, but price. Many factors increase the retail price: your company's margins, shipping, distributors, retailers. It all adds up. AUSFTA helps us reduce the cost to the consumer. This is vital in a very price-sensitive grocery category in the US market."

**Yellingbo Gold Extra Virgin Olive Oil**

North Richmond, VIC

Olive oil

Yellingbo began exporting to the US in 2003 and is now on sale in stores like Wholefoods, Zingermans.com and Dean & DeLuca. Yellingbo has got its sixth distributor through a trade show in Miami, Florida, giving the company almost full coverage of the US market. Export manager Jeremy Meltzer said "AUSFTA is instrumental in the strengthening of ties between the two countries and especially in the promotion of 'Brand Australia'. It facilitates trade. When you are dealing with distributors, the issues of tariffs and the costs and extra time associated with them are vital. If you can say to them, we now have a free trade agreement and olive oil is duty free, it's a great advantage. AUSFTA is very attractive for the distributors. It means we can get the product to them quicker and cheaper and it will all require less paperwork. It means we can be more successful in the US market because olive oil is a price-sensitive product."

**JEWELLERY / PRECIOUS STONES**

Over 50 different tariffs on Australian jewellery and precious stone products were eliminated with the introduction of AUSFTA. This included the elimination of the 13.5 per cent duty on silver articles and an 11 per cent duty on imitation jewellery.

**Berryd Opals**

Coober Pedy, SA

**Opals**

Australian opals are being showcased around the world thanks to South Australia-based Berryd Opals who believe AUSFTA has opened up opportunities. The owner of the company, Trevor Berry, maintains the company has directly benefited from AUSFTA. "As a way of progressing my business, I attended a gem show in Tucson, Arizona. I encountered difficulties with import duties and was presented with a customs bill of US\$10,000, five times the expected amount. Austrade was able to show that my jewellery qualified under

AUSFTA. Due to their excellent work, my show was saved and the duties reduced. This might well have saved my business. AUSFTA opens up a whole new market for us. As a small business, tariff reductions mean a lot to my bottom line."

**GOVERNMENT PROCUREMENT**

One of the major changes to the exporting landscape in Australia has occurred with AUSFTA's opening of the previously tightly-locked doors to the US federal government procurement market, valued at more than \$200 billion annually, as well as the government procurement markets of more than 30 of the US' 50 states.

By virtue of the provisions of AUSFTA, Australian companies are now exempt from the "Buy American Act" (1933, 41 USC 10) which had previously restricted Australians from bidding for government contracts or obtaining General Services Administration listings.

**Future Fibre Technologies**

Mulgrave, VIC

Security systems using optical fibres as a sensing device.

Future Fibre Technologies develops intelligent fibre-optic surveillance solutions, used to protect top secret US government installations. The removal of the "Buy American Act" and ability to sell directly to government markets, resulting from AUSFTA, helped the company dramatically. CEO Bill Younger said, "We're starting to see signs of the positive effects of AUSFTA, not just with reduced tariffs but in getting around the "Buy American Act". Informing companies of the lifting of procurement restrictions under AUSFTA has led to business.

**Sealite**

Somerville, VIC

**Navigation equipment and lights**

Sealite manufactures a range of cutting-edge marine navigation equipment such as flashing lights and buoys. The company's unique selling point is that they use LEDs (light emitting diodes), and not standard light bulbs. This cuts down significantly on maintenance costs. Chris Proctor, Sealite Sales Director, noted, "We had some major sales to the US in 2005. We have had a number of products approved for use by the US Coast Guard and numerous sales after Hurricane Katrina wiped out all the oil platform lights in the Gulf of Mexico. We supplied a large contract for bridge lighting to the Florida Department of Transport to light the Skyway bridge, a 6.4km bridge across Tampa Bay. We had no effective market access before AUSFTA because American government agencies couldn't buy directly from Australian companies. But that has all changed for us, thanks to AUSFTA. The US is becoming a major market for us."

**Vigil Systems**

Eight Mile Plains, QLD

Transit Technology

Vigil Systems has landed several deals in the US market, taking advantage of favourable US government procurement conditions afforded by AUSFTA. Its largest deal to benefit from AUSFTA is with the Los Angeles County Metropolitan Transit Authority (LA Metro), the operator of bus and rail service in Los Angeles County and the US's second largest bus operator. CEO Ian Haynes said, "We see large potential for further transit authorities across the US to adopt this system."

**INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)**

AUSFTA offers significant opportunities to Australian ICT companies. One of the most important outcomes for the services sector is the obligation to provide "national treatment". This means Australian businesses are now able to compete in the US market on equal terms with their US ICT competitors.

A number of measures are likely to have a positive effect on increasing US interest and confidence in investing and partnering with Australian companies. These include enhancing intellectual property enforcement and reducing differences in law and practices.

**HarvestRoad**

Perth, WA

E-learning content management software

HarvestRoad develops software for education and training for schools, higher education, and government, particularly defence, enterprise and industry association markets. In the US, HarvestRoad's customers now include, in education DeVry University Online and Portland State University, and in defence, the Joint Knowledge Development and Distribution Capability Centre, Lockheed Martin and the US Navy Post Graduate School. Graeme Barty, HarvestRoad founder and managing director said, "Thanks to AUSFTA, we expect to benefit from easier market entry, due to a more transparent business culture and regulatory framework, an acceptance of Australia as an important and growing trading partner, and easier market entry for Australian businesses. The US is now our major market focus. We will continue to expand there and are aiming for US\$20-30 million revenue per annum within three years."

**Innovonics**

Kensington, VIC

Surveillance Technology

Intelligent surveillance solutions-maker Innovonics has landed a major contract with New Jersey Transit Corporation under the framework of AUSFTA. Targeting US state government contracts, Innovonics's security system includes specialty software and closed circuit television cameras which detect anomalies on public transportation and alert authorities for immediate action. CEO Blair Healy indicated that the elimination of tariffs and provisions enacted under AUSFTA helped his company remain competitive during the bid process for the aforementioned contract.

**Powdersafe**

Phillip, ACT

Technology to secure suspect mail

Powdersafe has developed a contaminated mail isolation system that meets the security requirements of the 21<sup>st</sup> century. According to Tim Roberts, managing director, the US Postal Inspection Service said it was a highly elegant, efficient and effective service. However, prior to the introduction of AUSFTA, Powdersafe's products faced a 5.3 per cent

tariff on imports into the US market. This tariff has now been eliminated, allowing Powdersafe easier market access and to be even more competitive in the US market. "Thanks to our exceptional product, a lot of hard work and the tariff benefits under AUSFTA, Powdersafe is now looking forward to continued export growth in the US market and expanded research and development of new products," Mr Roberts said.

**MANUFACTURED GOODS**

Under the terms of AUSFTA, Australia and the US have agreed to eliminate customs duties on goods originating from the other country according to certain timetables. Many agriculture, non-agriculture and manufacturing tariffs were eliminated on 1 January 2005.

Ninety-seven percent of Australia's exports of non-agricultural goods to the US were free of tariffs from day one of AUSFTA. Apart from agricultural goods, tariffs on a range of textiles and clothing, some footwear, and a small number of other items, will be phased out with all trade in goods free of duty by 2015.

**Dickins McLeod Engineering**

Albury, NSW

Compact trench diggers

Dickins McLeod has developed the KODA compact trench digger, which is designed to help install residential sprinkler systems. The company has sent shipments to California. Philip Dickins, owner and manager, said, "Exports make up 20 per cent of our revenue, but we are confident that we can make that 80 per cent in next two to three years. This is all due to the zero tariff that our diggers benefit in the US thanks to AUSFTA."

**Schaffler & Associates**

Mona Vale, NSW

Locomotive battery chargers

Schaffler and Associates manufactures advanced battery inverters and converters for use in the railway industry, and exports worldwide. The company has won a contract to sell single phase inverters and battery chargers to the General Electric company in the US, having passed rigorous testing to become a supplier. Schaffler and Associates is exporting its products tariff-free to the US. Said Bernard Schaffler, principal consulting engineer, director and owner, "AUSFTA has been a great help, and I expect it to make us more competitive in the future."

**Zork**

Hackney, SA

Plastic wine corks

Zork develops soft re-sealable wine closures that replicate the performance of a screw cap and are manufactured from 100 per cent recyclable food-grade polymers. Zork has won its first US customer, California-based wine maker and purveyor Don Sebastiani & Sons, and is receiving strong interest from other US wine producers. Michelle Kerrison, commercial manager said "the company has benefited from a 5.3 per cent tariff elimination under AUSFTA, making our revolutionary wine closures even more attractive to the highly-competitive US wine industry."

**SERVICES**

The services sector is Australia's fastest-growing export sector. Services exported to the US are not normally subject to overt barriers, but have typically been constrained by laws and regulations that exclude foreign service providers.

Both countries are working towards the mutual recognition of professional qualifications. For example, the accountants body CPA Australia has secured an agreement whereby its member's three-year undergraduate degrees are recognised by 39 US states without the requirement for further formal study.

These kinds of changes should lead to a reduction in the risk of doing business with the biggest importer of services in the world.

**Team Results**

Oakleigh, VIC

Motivational speaking

John Kolm is a motivational speaker for business people and the author of several books. Mr Kolm said, "Since AUSFTA took effect, US companies have a great deal more freedom to engage Australian service providers. I have experienced little or no resistance even though my company is not American. One of AUSFTA's most significant outcomes is the obligation for the US to provide national treatment to Australian service providers, which means Australian businesses will be able to compete in the US market on equal terms to their US competitors in most service sectors."

**TEXTILES, CLOTHING & FOOTWEAR**

The introduction of AUSFTA saw the elimination of around 30 per cent of US tariffs on textiles and apparel, with the remaining duties to be phased out by 2015. AUSFTA rules of origin for textiles mean only those textiles made using materials sourced in either Australia or the US will qualify for the tariff reductions.

Two-way footwear trade has been duty-free from day one of AUSFTA, with the exception of 17 specific tariff lines predominantly related to waterproof footwear and footwear with outer-soles of rubber and plastic. These remaining tariffs will be phased down, with all duties to be eliminated within 10 years.



**DaRiMi Kidz Australia**

Dover Heights, NSW

Children's swimwear

DaRiMi produces childrens swimwear. Carole Schlessinger, director, maintains the US market for swimwear has grown about 5 per cent to \$3.6 billion in the two years to June 2005. SeaFolly swimware lines (which it distributes to the US) have found a niche distribution in the US through high-end department stores and boutiques.

## **4. SINGAPORE-AUSTRALIA FTA (SAFTA)**

### **4.1 OVERVIEW**

The Singapore-Australia Free Trade Agreement (SAFTA) came into force on 28 July 2003. SAFTA was Australia's first bilateral free trade agreement since the 1983 Closer Economic Relations Trade Agreement with New Zealand.

SAFTA offers greater opportunities in goods and services to a wide range of Australian exporters and further strengthens trade and investment links between the two countries. It eliminates the few remaining tariffs in Singapore. Prior to the entry into force of SAFTA, Singapore levied import duties on a limited number of Australian products, namely beer, ale, stout and port. All Australian products that meet the rules of origin, including beer and stout, may now enter Singapore tariff-free. Other Singapore government taxes and charges, if relevant, are still payable.

SAFTA also guarantees liberal access conditions for many services suppliers. Australian legal, financial and educational services exporters, for example, will benefit from outcomes on services that are more advanced than those of the WTO.

In addition, SAFTA provides a more open and predictable business environment across a range of areas, including telecommunications regulation, competition policy, government procurement, technical standards, intellectual property, e-commerce, customs procedures and business travel.

SAFTA has played a key role in promoting closer economic integration between the two economies. In 2004, total trade reached a new high of \$14.4 billion, up from \$12.4 billion in 2003. Australia's services exports to Singapore increased substantially, as did two-way investment. A number of Australian companies are pursuing major new business opportunities in Singapore, including in the new integrated resort projects and regional airlines.

Austrade's Senior Trade Commissioner for Singapore, Maurine Chong, maintains that in 2004-05, Austrade's Singapore post serviced the needs of 1,700 clients which equates to a 50 per cent year-on-year growth. Further, it helped 540 Australian companies close deals in Singapore.

This section examines how Australian companies across various different industries are benefiting under the new trading regime with Singapore brought on with the introduction of SAFTA.

## 4.2 INDUSTRY SECTORS (SAFTA)

### (IN ALPHABETICAL ORDER)

#### BEER

##### **Beer Importers & Distributors**

Mascot, NSW

Beer exporters

Owner Franck Bergess said, "There is great potential in the Singapore market. It's a growing market and we are there for the long term and use Singapore as a base to get into South East Asia. We received a tariff gain under SAFTA of about 80 cents per litre, which is a lot when you are doing business. It certainly gives us an edge over other brands. SAFTA strengthens geographic and cultural ties between the two countries. And of course, there are many students who are in or have graduated from Australian universities and they help to create bonds. It was also easy for us to set up our Singapore office. Singapore and Australia share many business practices and accounting systems. When you do business in Singapore, you are not a fish out of water."

#### CLOTHING

The entry into force of SAFTA resulted in the elimination of all tariffs on goods originating in Australia and Singapore. From day one of SAFTA all Australian products may enter Singapore tariff-free.

However, other Singapore Government taxes and charges, if relevant, may still be payable. For example, the government taxes and charges that are still payable on Australian goods imported into Singapore are excise duties and a 5 per cent goods and services tax (GST). Singapore imposes these taxes and charges on all other imports as well as on its own local goods. Excise duties go on four categories of products: alcohol, tobacco, petroleum products and vehicles.

##### **Bonds Industries**

Wentworthville, NSW

Clothing

Melissa Webster, Bonds' Singapore distributor, said SAFTA had brought definite benefits. "SAFTA has promoted closer ties between the two countries. There are also very strong ties because of all the Singaporean students who go to university in Australia. SAFTA creates a better feeling between the two countries and in the business community up here. It is definitely much easier to live up here now for Australian business people. And that is thanks to SAFTA. On top of that I know that there has been great relaxation about the rights of entry and work for spouses of business people."

## **EDUCATION**

Under SAFTA, Singapore has provided national treatment and market access commitments for university, adult and vocational and technical education, with some exceptions. The result is Australian education providers can operate relatively freely in Singapore.

SAFTA also provides a framework for both governments to encourage cooperation between Australian and Singaporean educational institutions.

### **Australian Centre for Retail Studies**

Cauldfield East, VIC

Tertiary education

ACRS is a specialist training centre for the retail industry. Amanda Young, executive director, said, "We have an agreement with the Singapore Retail Academy that was set up by the Singapore government. ACRS delivers academic short courses to the academy. Under SAFTA the Singapore government is encouraging Australian education providers to form partnerships. It's not just a matter of us importing services; they really want us to form long partnerships. SAFTA appears to have really opened the education sector up."

### **Kip McGrath Education Centres**

Newcastle, NSW

After-school tuition

Kip McGrath Education Centres is a franchise model and a leader in the after-school tuition market in Australia and New Zealand. There are almost 300 centres throughout this region and 86 centres in several other overseas countries. Kip McGrath, CEO, said, "Under SAFTA, the Singapore government has gone out of its way to be helpful. Doing business in Singapore is incredibly easy. It's been a fantastic experience; the government agencies have been very co-operative and the Singapore Economic Development Board has been encouraging us to open an office there from which to branch out into South East Asia. And everyone speaks English, which is a big advantage."

### **University of New South Wales**

Kensington, NSW

Higher education

UNSW has become Singapore's first foreign-owned and operated research and teaching campus. Prof Greg Whittred, president of UNSW Asia, said, "UNSW Asia is a company set up in Singapore. Other Australian universities have just done niche programs; we are setting up a whole campus to open in 2007 to eventually take 15,000 students, 30 per cent of whom will be Singaporeans and the rest internationally-sourced. We have had nothing but high-level support and access in Singapore and at all levels of government under SAFTA."

## **FOOD & BEVERAGE**

### **Bulla Dairy Foods**

Sunshine, VIC

Dairy products

Bulla Dairy Foods has been making premium-quality dairy products since 1910. Lisa Reardon, export sales manager, said, "Our exports to Singapore in 2005 were well beyond expectations and a large part of that success was SAFTA."

## **SERVICES**

The services sector dominates the Singapore economy. Under SAFTA, Singapore is required to treat Australian services suppliers on the same terms as Singapore businesses (known as 'national treatment') and to remove quantitative and other market access restrictions on service suppliers. All exceptions to these obligations must be listed (known as 'negative listing') or they are deemed to be liberalised. As a result, SAFTA offers improved conditions of access for many Australian service suppliers, and provides more certainty in the operating environment.

In addition, SAFTA secures improved visa conditions for Australian services providers and investors, for both short and long-term stays. Accompanying dependants of long-term business residents have a guaranteed right to work in Singapore in a wide range of jobs.

Under SAFTA, residency requirements for Australian professionals such as architects, engineers, accountants and auditors have been removed or eased. To practise in Singapore, Australian professionals are required to register with certain regulatory bodies, depending on professions and qualifications.

In addition, under SAFTA, Australia and Singapore will encourage their professional bodies to enter into negotiations on mutual recognition of professional qualifications and/or registration procedures. To date, Certified Practising Accountants (CPA) Australia and the Architects Accreditation Council of Australia (AACA) have commenced negotiations of mutual recognition agreements with their counterparts, while the Institute of Engineers, Australia is also seeking to achieve mutual recognition by assisting Singapore to sign onto a multilateral agreement.

### **Risktec Australasia**

Perth, WA

Emergency management training

Risktec Australasia is an international emergency management training and consultancy services company that delivers safety critical training solutions to client companies. CEO Stuart Manifold said, "Our result in 2005 in Singapore was \$500,000 sales. Several of our Australian staff have had to move up there on a semi-permanent basis and that was no trouble at all. SAFTA has made the logistics of our move into Singapore very simple. In fact the Singapore Economic Board of Development was so encouraging they even wanted us to move our headquarters up there from Perth."

**Health-e****Gold Coast, QLD****Medicine health management**

Health-e was formed in 2000 to develop health and wellness products. Director Anthony Fanning said, "Singapore is a great place to access head offices as its regional headquarters for so many international companies. It's a doorway into Asia. It also has the advantage that it's clean and safe. Singapore is a very free trade economy anyway. Nevertheless, I think SAFTA is certainly recognised as a really successful tool for trade between the two countries."

## **5. THAILAND-AUSTRALIA FTÅ (TAFTA)**

### **5.1 OVERVIEW**

The Thailand-Australia Free Trade Agreement (TAFTA) came into force on 1 January 2005. The agreement ensures greater access for Australian products in the Thai market; enhances prospects for Australian services, trade and investment in Thailand; improves the regulatory environment for trade between the two countries; and promotes increased business mobility.

TAFTA substantially improves the environment for bilateral services, investment and business mobility. Under TAFTA, Thailand has relaxed a number of restrictive conditions relating to visas and work permits and guaranteed non-discriminatory treatment of Australian investments in Thailand.

With regards to Australian companies, certainly there have been some major gains from day one of the agreement while other companies will see advantages in the medium to longer-term. The scope and extent of the effect that TAFTA is having across all sectors of Australia's trade with Thailand is also limited by the fact that the agreement has only been in effect for a relatively short period of time (16 months).

This section examines how Australian companies across various different industries are benefiting under the new trading regime with Thailand brought on with the advent of TAFTA.

### **5.2 INDUSTRY SECTORS (TAFTA)**

#### **(IN ALPHABETICAL ORDER)**

#### **AUTOMOTIVE**

The auto sector illustrates the potential mutual gains from TAFTA. The complementary nature of the vehicle industries in both countries is encouraging economies of scale through closer integration of the two markets, with Thailand focusing on small cars and light commercial vehicles and Australia on larger cars. Thailand can be expected to increase its share of the Australian market in existing auto product lines such as tyres, radios and lights, while Australian suppliers of engines, transmissions and brakes will likely have greater opportunities in the growing Thai market.

Under TAFTA, Thailand eliminated its 80 per cent tariff on Australian passenger cars with an engine capacity of above 3 litres on 1 January 2005. In addition, the Thai tariff on Australian cars with an engine capacity of 3 litres and below was reduced from 80 per cent to 30 per cent on 1 January 2005 and will be phased to zero by 2010.

Thai tariffs on automotive parts, components and accessories (non-preferential tariffs of up to 42 per cent) were reduced to a ceiling of 20 per cent on 1 January 2005, and will be phased to zero by 2010. In addition, Thailand's tariff on engines was reduced from 30 per cent to 15 per cent on 1 January 2005.

Thailand also eliminated tariffs on 48 items (at the 8 digit tariff classification level), including chassis, bodies, hoses and ball and roller bearings. Other automotive tariffs at or below 20 per cent were also eliminated on 1 January 2005.

Australia's motor vehicle manufacturers are moving to take advantage of these changes. Holden has announced its intention to begin selling Commodores into Thailand, under the badge of the Chevrolet Lumina; Ford Australia is initiating plans to expand its commercial presence in Thailand, with prospects for vehicles, parts and components; and Mitsubishi has received good feedback from the display of its Adelaide-built Diamante at the Bangkok Motor Show and hopes to start exporting to Thailand in the near future.

### **Dobinsons Spring & Suspension**

North Rockhampton, QLD

Springs and suspensions

Dobinsons Spring & Suspension gains a competitive advantage due to TAFTA. Managing director Glen Dobinson said his firm had secured a Thai distributor because TAFTA had slashed tariff rates on importing its Australian-made products for the 4WD after-market. "We tried for a long time to enter Thailand with our 4WD after-market products but we were too expensive to import. The import duty was about 30 per cent before TAFTA; now it's 5-10 per cent and dropping to 0 per cent. We're around 25 per cent cheaper to import than what we were pre-TAFTA. Our Thai distributor says this drop has been a big factor in choosing us over our competitors".

### **Ford Motor Company Australia**

Campbellfield, VIC

Utility vehicles

Frank Adamano, customs manager Ford Australia, said, "The tariff on importing vehicles into Thailand was 80 per cent before TAFTA. TAFTA has been helpful to us, without a doubt. As long as you can satisfy the requirements of origin, TAFTA is of benefit". He notes that the business case for exporting vehicles to Thailand was built around the proviso of TAFTA taking place. Ford Thailand recently launched a Ford Territory model for the first time in Asia, with the price reduced from 4-5 million to 2.95 million baht because of TAFTA.

### **Jenkin Springs**

Bassendean, WA

Suspensions and shock absorbers

Jenkin Springs is exporting 4WD suspensions into Thailand that are used in Toyota Hilux, Mitsubishi Triton and Mazda Bravos. Said managing director James McCully, "A key reason for our success has been TAFTA. TAFTA has made things easier, especially with tariff gains and a more streamlined bureaucratic process. The duty on our products was cut overnight from 40-10 per cent."



## **CHEMICALS**

### **Zychem Technologies**

Gold Coast, QLD

Zychem has established a Bangkok base for expansion in Asia. Managing director Lionel Freedman said, "TAFTA was a prime reason for choosing Bangkok as an Asian hub. TAFTA has brought with it a special relationship between the governments that works in our favour."

## **COSMETICS AND TOILETRIES**

With the rise of luxury travel in Thailand, a market is growing for oils and cosmetics from Australia that are seen as using natural and organic raw materials that come from a pristine environment. Companies are finding that there have been tariff gains in this sector, and are confident of increasing their market shares.

Under the terms of TAFTA, most cosmetics and toiletries had a cut in tariffs on day one of the agreement, from 20-16 per cent and then a gradual phasing out to 0 per cent by 2010.

### **Belle Cosmetics**

Cosmetics

Ashcroft, NSW

A company spokesperson said TAFTA has had a good effect on its trade to Thailand. "There's been an instant benefit. Tariffs have been cut from about 40-20 per cent and they will continue to drop each year. Our products are highly competitive now and business has been booming."

### **Curly Vine**

Hoppers Crossing, VIC

Wine soap

Joanne Woodhouse, owner, maintains there has been a tariff reduction to 0 per cent. She said "there's great interest in Australian products and it's generally easier to do business there now". This company is the only maker of wine soap in Australia and started exporting to Thailand in March 2005.

### **Sydney Essential Oil Company**

Alexandria, NSW

Oils and aromatherapy products

Michael Samperi, managing director, said, "TAFTA has definitely had an impact on the success of the company. This is because of the lowering of tariffs." While he was not sure of the exact reduction, the previous tariff on cosmetic goods was high and it has been significantly reduced. "This gives a perception that the products are very good value. Plus it means Australian products are easier to import. Thailand and Asia are booming markets and things like TAFTA just make things easier."

## **FOOD & BEVERAGES**

Companies in this sector are enthusiastic about the tariff gains afforded by TAFTA and acknowledge the key role that TAFTA has played in their export successes.

Tariffs on a wide range of processed food and beverage products were eliminated on day one of TAFTA. Tariffs on other processed food items are reduced, and in most cases will be cut completely by 2010.

### **Cerebos Australia**

Seven Hills, NSW

Food ingredients

Export manager, David Hughes, said, "In Thailand we correctly anticipated that TAFTA was going to have a big impact and be hugely beneficial to us due to the reduction in the coffee tariff from 91 to 30 per cent, with further reductions scheduled."

### **The Old Colonial Cookie Company**

Lilydale, VIC

Biscuits

Managing director Howard Dray said, "TAFTA has made our entry into the Thai market acceptable by the reduction of tariffs and thus a lowering of price point on the shelves. Before TAFTA the tariff on butter-based cookie exports to Thailand was prohibitive. The original tariff was 25.7 per cent; now it is 24 per cent and will fall to 0 per cent in 2010. We did not even think about entering the market until the reduction of tariffs. Without the tariff drop our product would have been out of reach of ordinary Thai consumers. We have a growing sense that Australian goods are available and in reach of Thai consumers."

### **Yarra Valley Snackfoods**

Lilydale, VIC

Snack food

A senior spokesperson for the company said, "There have been tariff gains for our products under TAFTA, and there are much more streamlined systems for the movement of business people into Thailand. The growing success of our brand there can be attributed to TAFTA".

## **I.T. INDUSTRY**

It appears that while this sector has not benefited from any direct tariff gains under TAFTA, there are reports of benefits outside the realm of tariffs. Australian companies have found that doing business in Thailand has become easier in an administrative sense, especially with customs and visa requirements.

### **CIC Secure**

Fyshwick, ACT

Electronic key security

CIC Secure are leaders in the field of high-grade electronic key security systems in Australia and Asia. CIC Secure supplies key security systems and maintenance services to

government departments and large corporations." Carol Cooke, director sales and marketing, is enthusiastic about the positive business climate that now exists between Thailand and Australia and for her company. "TAFTA has been extremely beneficial in fast-tracking our product through Thai customs."

### **Cognethos**

Sydney, NSW

Financial services software

Cognethos is a software engineering and consultancy company specialising in financial markets services. Paul Hobkirk, managing director, said the company has signed a major contract with Reuters Thailand. Cognethos has benefited from TAFTA as, under the terms of the agreement, it does not need to obtain work permits for short periods.

## **MACHINERY & EQUIPMENT**

Thai tariffs on machinery and equipment, that were as high as 30 per cent before TAFTA, have been either immediately eliminated or are in the course of being phased to 0 per cent by 2010. Most Australian companies in this sector report positive results since TAFTA due to tariff gains and are confident of boosting their market share in the years ahead.

### **Antec Engineering**

Blacktown, NSW

Steel hardware

Antec Engineering produces steel refractory hardware. Stuart Orton, business manager, said, "The firm has won one major contract in Thailand and sees more opportunities there, especially as tariff rates under TAFTA continue to drop on metal manufactured products." Beyond tariff benefits, Antec has benefited from TAFTA because thanks to TAFTA, the companies doesn't need to secure Thai work permits for short work periods in Thailand.

### **Biobin Technologies**

Willunga, SA

Composting systems

Biobin produces aerated bins to control odours for hotels and restaurants in Thailand. Biobin has benefited from TAFTA because it does not need to obtain Thai work permits for short periods, which is especially helpful with its establishment of a plant in Thailand.

### **Edwards Hot Water**

Canning Vale, WA

Solar hot water systems

Vaughan Boulwood, export marketing manager, said, "TAFTA has had a positive impact on market accessibility." The company has a Thai distributor and business is growing well.

**Seaslip Marinas Australasia**

Mandurah, WA

Marina construction

This company builds and maintains marinas and trains people in how to run and look after them. Jim Scott, export manager, believes there has been a major tariff drop from 40-10 per cent and it will fall further. "TAFTA has helped us become competitive when pitching for work, and also it's easy for us to do business due to the lack of bureaucracy that has come about due to TAFTA. Overall, TAFTA is a great plus for us."

**MANUFACTURING**

Until now, Thailand's high tariff peaks compelled Australian producers to export at the low value-add end of the production chain. It is estimated that removal of Thailand's tariff peaks will give Australia the opportunity to export higher value-added goods and reduce its reliance on exports of raw materials and energy.

Companies in this sector report different results from TAFTA and that in itself reflects the differing levels of tariff relief that have been implemented across different tariff lines.

**Aztec Rose**

Milperra, NSW

Women's swimwear

Aztec Rose is building a global women's surf-wear brand through exports. Managing director Andrew McKee maintains that TAFTA has given his brand an edge in Thailand. "TAFTA is making our products cheaper to import into Thailand, which has made our customer go deeper with their commitment to us." Aztec Rose aims to double its Thai business over the next three years.

**Lightning Protection International**

Kingston, TAS

Electrical surge protection

Lightning Protection International has won a large contract to provide lightning and grounding protection for the new Bangkok international airport. This gives the company leverage into the Thai market and its plan now is to set up a logistical hub in Bangkok that can serve the whole South East Asia region. While there has been no direct tariff gain, the company believes TAFTA will help its reputation as a strong and reliable exporter.

**M&S Engineering**

Unanderra, NSW

Polyurethane coated rolls

Terry Askew, managing director, suggests that his company has only seen a modest tariff gain from TAFTA. With continued annual reductions in tariffs, he believes there will be significant gains. However, for this company, the gains from TAFTA now come outside of the regime of tariffs; it is the "strengthening of the cultural and business relationship between Australia and Thailand due to TAFTA."

**Think Appliances**

Thomastown, VIC

White goods

Think Appliances sells own-brand and imported ovens, cook tops, and large cooking appliances to up-market retail shops and boutique kitchen specialty stores in Australia. Managing director David Gilbert said, "TAFTA is instrumental in convincing our distributor in Thailand to go with us rather than a European competitor. Kitchen appliance makers from Europe are paying a standard 16 per cent import duty on their products, whereas, because our products are made in Australia, we pay from 15 per cent to 0 per cent thanks to TAFTA. In the next few years, all our products will enter Thailand tariff-free."

**Tom Stoddart**

Sunnybank Hills, QLD

Metal fabrication

This company produces fabricated metal for shops and department store displays. Peter Caswell, export manager, indicated that his company had received greater recognition as a result of TAFTA. The firm saw a tariff drop on its product from 30-0 per cent. "As soon as TAFTA fell into place we got orders. We were negotiating and when the customer was made aware of TAFTA, we got the work. The deal was sealed by TAFTA."

**METALS****Alcoa Australia**

Applecross, WA

Aluminium products

Under TAFTA, Alcoa has seen the elimination of Thailand's 1 per cent import duty on aluminium ingot. Gavin Goh, corporate affairs manager, said, "Elimination of the duty on aluminium ingot has provided Alcoa with a competitive advantage in Thailand. A similar advantage will be provided with the elimination of the can sheet duty in 2007. It is difficult to quantify the value of a 1 per cent duty preference given there is a range of other market factors at play, such as exchange rate movements. But any duty preference we can obtain that other competitors do not is an advantage."

**Modern Ceramics**

Silverwater, NSW

Military hardware

This company supplies high-tech super-hard ceramics for defence purposes. Max Willis, executive chairman and chief executive, said, "While there's been no tariff gains for our product, the climate in which to do business in Thailand has been enhanced by TAFTA. There's more consumer and buyer interest in Australian goods and services, and hopefully this will mean the easier movement of business people between the two countries, although that remains to be seen."

## **SERVICES**

### **Cape Group**

Manly, NSW

Human resources research

Managing director Alexandra Roza believes that, while there have been no tariff gains under TAFTA, non-tariff gains are substantial. "TAFTA is helping with the marketing and acceptance of Australian companies. TAFTA has been reported in the media in Thailand and is also pushed by Austrade. It means Thai companies are more willing to talk with you. It opens the door and it's very important to get your foot in that door."

### **Integrated Human Resource Consulting (IHR)**

Malvern, VIC

Human resource solutions

Stephen Bell, director, said, "TAFTA gives me a sense of comfort and confidence. It provides an impetus that government will support what we do if technical issues arise, and they could be dealt with. TAFTA is in fact the reason the company looked to enter the Thai market in the first place. It's very hard for a small business like IHR to export and so we really needed TAFTA to do it. It makes it much easier to make contacts; there's an overall willingness for the Thais to trade with us. For us in a very real sense, TAFTA has opened a gate in the road of exporting."

## **WINE**

### **Cassegrain Wines**

Port Macquarie, NSW

Wine

Cassegrain Wines is a premium label that has found a niche in the Thai market thanks to TAFTA. Managing director John Cassegrain said, "TAFTA been helpful, but it is hard to quantify at this early stage. But there are tariff wins; the tariff used to be 54.6 per cent and is now 40 per cent and is due to gradually decrease. On top of this, we're hoping for greater interest in Australian product – our importer says there's a higher profile for all Australian goods at the moment and TAFTA is playing a major part in that process. Our sales this financial year to Thailand will be about 1000 cases of wine. And we see continued growth in this new and important market."

### **Evans & Tate**

West Perth, WA

Wine

Sean Bell, export manager said "our push into Thailand has been aided by the tariff cuts that arrived with TAFTA. The duties and taxes are the bulk of the cost that the consumer has to pay and as tariffs continue to drop, and we see the emergence of a wealthy middle class, then we will see great advantages through the lowering of tariffs. Eventually wine tariffs will drop to 0 per cent and this will add to the huge opportunities in Thailand. What TAFTA does and what we are seeing already is that it brings the two countries much closer together. When I am in Thailand on business, I can sense there is greater awareness of Australian goods and it exposes our product to the market. In the future we are optimistic that we'll see nothing but strong compounded growth."