

**HD** What the **China** Free Trade Agreement means for your **business**: All the nitty gritty details

**BY** by SmartCompany

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**SN** Smart Company

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Australia's historic free trade agreement with **China** was signed yesterday by Prime Minister Tony Abbott and **Chinese** President Xi Jinping. The deal provides unprecedented access to **Chinese** markets for many Australian businesses.

Here are the details of exactly what the [China-Australia Free Trade Agreement](#) means for your **business**:

**TD**

Agriculture

The removal of all tariffs on Australian **dairy** products (which can be as high as 20%) within four to 11 years.

The removal of tariffs of 12% to 25% on beef over nine years.

The removal of tariffs on live animal exports of 10% within four years.

The removal of tariffs on sheep meat of 12% to 23% over eight years.

The removal of tariffs of 14% to 20% on **wine** over four years.

The removal of tariffs on all horticulture products, ranging up to 30%, most within four years.

The immediate elimination of the 3% tariff on barley.

An Australia-only duty free quota for wool in addition to continued access to **China**'s WTO wool quota.

The removal of tariffs on seafood, including of 15% and 14% respectively on rock lobster and abalone, over four years.

The removal of tariffs across a range of processed foods including fruit juice and honey.

The removal of tariffs of 5% to 14% on hides, skins and leather over two to seven years.

Resources, Energy and Manufacturing

The removal of tariffs on all resources and energy products: including on coking coal (metallurgical coal for steel making) (currently subject to a 3% tariff) on the first day of the FTA, and non-coking coal (thermal/steam coal for power generation) (6%) within two years.

The removal of tariffs on transformed resources and energy products, such as refined copper and alloys (unwrought) (currently subject to 1% and 2% tariffs), aluminium oxide (alumina) (8%), nickel mattes and oxides (3 %), unwrought zinc (3%), copper waste and scrap (1.5%), unwrought aluminium (5% and 7% tariffs), aluminium waste and scrap (1.5%), unwrought nickel (3%), other mineral substances (3% and 5% tariffs), and titanium dioxide (6.5% and 10% tariffs).

The removal of tariffs of up to 10% on pharmaceuticals, including vitamins and health products, either on entry into force or phased out over four years.

The removal of tariffs within four years for other manufactured products, including car engines (currently subject to a 10%), plastic products (6.5% to 14%), diamonds and other precious stones (3% and 8% tariffs), orthopaedic appliances (4%), aluminium plates and sheets (6% and 10%), make-up and hair products (6.5% to 15%), centrifuges (10%) and pearls (21%).

#### Services

**China** has offered Australia its "best ever services commitments" in an FTA (other than **China**'s agreements with **Hong Kong** and Macau). It includes:

Australian law firms will be able to establish commercial associations with **Chinese** law firms in the Shanghai Free Trade Zone (SFTZ).

**China** has committed to deliver new or improved market access to Australian financial services providers in the banking, insurance, funds management, securities, securitisation and futures sectors.

**China** will list on an official Ministry of Education website all Australian private higher education institutions registered on the Commonwealth Register of Institutions and Courses for Overseas Students.

**China** has agreed to guarantee new access for Australian companies investing in value-added telecommunications services in the SFTZ with improved foreign **equity** limits, now allowing for wholly Australian-owned companies supplying domestic multi-party communication services, application store services, store and forward services, and call-centre services.

Australian tourism and travel-related service suppliers will be able to construct, renovate and operate wholly Australian-owned hotels and restaurants in **China**.

Australian travel agencies/tour operators are also able to establish wholly Australian-owned subsidiaries in **China** for tours within **China** for both domestic and foreign travellers.

Wholly Australian-owned hospitals and aged care institutions can be established in **China**.

**China** will provide new market access to Australian telecommunications companies undertaking joint construction projects with **Chinese** counterparts in Shanghai. Australian companies will be exempted from **business** scope restrictions, allowing them to undertake a wider range of commercially-meaningful projects.

#### Investment

The FTA guarantees access for wholly Australian-owned companies to provide contract manufacturing services covering a wide range of manufactured products.

**China** will take into account Australian experience in assessing applications for higher-level qualifications, allowing Australian architectural and urban planning firms to obtain more expansive **business** licences to undertake higher-value projects in **China**.

**China** will permit Australian maritime transport service suppliers to establish wholly Australian-owned ship management enterprises in the SFTZ.

The FTA raises the screening threshold at which investments in non-sensitive sectors by private sector entities from **China** are considered by the Foreign Investment Review **Board** from \$248 **million** to \$1,078 **million**.

The government has retained the ability to screen **Chinese** investments at lower thresholds for sensitive sectors, including: media, telecommunications and defence-related industries. The government will be able to screen investment proposals by private investors from **China** in agricultural land valued from \$15 **million** and agribusiness from \$53 **million**.

Investment obligations in the FTA can be enforced directly by Australian and **Chinese** investors through an Investor-State Dispute Settlement mechanism, helping to promote investor confidence.

#### Work and Holiday Arrangement

Australia will grant visas for up to 5,000 **Chinese** work and holiday makers annually.

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