THE AGE
INDEPENDENT. ALWAYS.

SE Money

HD **Deal sets course for growth**

BY MARK BOURIS - Mark Bouris is executive chairman of wealth-management company Yellow Brick Road, which sells financial advice and home loans. ybr.com.au. Twitter: @markbouris

WC 512 words

PD 23 November 2014

SN Sunday Age

SC SAGE

ED First

PG 10

LA English

LP

The China-Australia Free Trade Agreement should see us benefit from China's expanding economy for years to come.

We're used to reading about national measures that are so large we don't feel involved in them: inflation, the cash rate, unemployment, economic growth. They can feel too big to worry about.

TD

But last week came a large announcement that will be relevant to most Australians. The China-Australia Free Trade Agreement will make 93 per cent of Australian export goods into China tariff-free in four years. It will have a noticeable impact on the direction of our economy, the growth areas for jobs and the inflow of investment capital.

For Australia it means more exports to China's 1.35 billion people and to an economy which this year, for the first time, outpaced the United States in GDP.

The ChAFTA removes tariffs up to 20 per cent on beef, seafood, sheep meat, dairy, hides and skins, processed foods, wine, live animal exports, barley and wool. Our horticulture exports will see tariffs removed up to 30 per cent. This is significant for our agriculture. When any product or commodity has 20 or 30 per cent removed from its price, the demand for it increases, especially important when you consider that of the world's increased demand for agricultural output to 2050, China will account for 43 per cent of it.

The tariffs will be dropped on our coal exports and many regulatory hurdles will be dropped so Australian services firms - financial services, law, accounting, engineering, architectural and health services - will have access to China.

The biggest positive for us is going to be in economic growth. Credit Suisse forecasts that when the ChAFTA comes into effect, we can expect it to add between 0.25 and 0.5 per cent to our GDP, annually.

Considering our current economic growth is running at 3.1 per cent, the forecast effect of ChAFTA is enormous.

And where will we feel it? More economic activity, higher growth, a higher standard of living and strong employment. China will have easier access to making large-scale investments in Australia, and Sydney will become the latest Yuan Hub - a place where local currency can be converted directly to the Chinese currency without having to first buy US dollars.

Perhaps most important is ChAFTA's emphasis on our non-mining sectors: China has spent two decades building out its infrastructure, which means buying coal, iron ore, copper ore and bauxite. Now it turns to the things a middle class needs: medical centres, architects, old folks' homes, beef, dairy products, lawyers, insurance companies and the quality education that is already a large export to China.

The ChAFTA will provide many opportunities for Australians willing to align with the growth industries and make their education and employment choices accordingly. Good luck.

NS e1101 : Economic Growth | gpersf : Personal Finance | e11 : Economic Performance/Indicators | ecat : Economic News | gcat : Political/General News

RE austr : Australia | china : China | victor : Victoria (Australia) | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

PUB Fairfax Media Management Pty Limited

AN Document SAGE000020141123eabn0002y

