

HD Free trade deal a game-changer

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Agreement between **China** and Australia would tap potential of complementary economies and promote Asia-Pacific integration

Among the series of agreements **China** and Australia reached on Monday to deepen bilateral ties, the two sides' announcement that they have practically completed negotiations on a free trade agreement heralds a big boost to the two economies and the Asia-Pacific region at large.

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There have been signs in the past months that the two countries have been quickening their FTA negotiations. Australian Prime Minister Tony Abbott has said on several occasions this year his country expects to sign an FTA with **China** by the end of the year and high-ranking **Chinese** officials have welcomed his remarks.

The much-expected announcement made during President Xi Jinping's ongoing visit to Australia shows the two countries' strong commitment to lifting their trade cooperation to an even higher level. It also shows nine years of marathon talks on a bilateral FTA, which have been full of twists and turns, are finally about to pay off.

Concluding their negotiations means the two sides can officially tie the knot; in all probability there will be an official inauguration before the end of the year.

And analysts in both countries are predicting their FTA will produce win-win outcomes. In fact, the media in both countries have been using words such as "milestone," "epoch-making", "landmark" and "historic" to greet the news.

For both countries, the FTA will be a game-changer. It will be the first free trade agreement **China** has signed with such a major developed country, and the **Chinese** economy is of unparalleled importance to Australia.

The FTA will cover more than 10 areas, including the trade in goods and services, investment and trade rules, as well as e-commerce and government procurement.

It will enable the two countries to complement each other's economic advantages, boost win-win cooperation, bring mutual benefits and promote the in-depth development of bilateral economic and trade ties, according to **China's** Ministry of Commerce.

The deal is reportedly worth around \$18 **billion**. According to News Corp Australia reports, 85 percent of all Australian exports will enter **China** tariff-free under the deal, while the Sydney Morning Herald reported that tariffs for 93 percent of Australian goods exported to **China** will be cut to zero before 2019. Tariffs applying to Australian **coal** will be exempted in two years too.

Businesses in both countries will enjoy easier access to each other's market, and people in both countries will be able to buy the products and services from each other's country at a much lower price. For example, **Chinese** consumers will be able to enjoy good-quality but cheaper Australian goods including dairy products, wines, seafood and horticultural products.

China is forging ahead with broader and deeper reforms, and its economic development has been shifting from an investment-driven model to a consumption-driven one. It is also optimizing its **energy** consumption structure. As a result, demand for Australian **energy** and mineral resources has been decreasing, which has created a lot of concern in Australia.

Australia, for its part, is eyeing for a transition from a reliance on exports of minerals such as **coal** and **iron ore** to expanding its food and agricultural exports to a growing Asian middle class, moving from a "mining boom" to a "dining boom".

Hence, an FTA is a natural choice as well as good opportunity for Beijing and Canberra to adjust their trade structure and open up new horizons for bilateral trade to continue to prosper. A change from the past resource-heavy pattern of bilateral trade will inject vitality in bilateral trade in a host of other areas such as agriculture and animal husbandry.

From a regional perspective, the game-changing FTA process will have a far-reaching influence on regional economic development, and it will promote Asia-Pacific regional integration and galvanize the global recovery.

A successful conclusion to the **China**-ASEAN FTA negotiations promises a bright future for **China**-Australia relations.

The ASEAN-**China** Free Trade Area, launched on Jan 1, 2010, is a free trade agreement between **China** and the 10 member states of the Association of Southeast Asian Nations. ASEAN statistics indicate the two-way trade volume reached \$350.5 **billion** in 2013, accounting for 14 percent of ASEAN's total trade and representing an increase of 9.7 percent year-on-year. Both sides have vowed to upgrade the ACFTA by the end of 2015.

Beijing hopes the FTA arrangements will play a positive role in fostering a just international and regional trade order.

As Australia has shown a growing interest in strengthening its interaction with the Asia-Pacific region, the **China**-Australia FTA also represents a significant step forward for it in that direction.

As more and more players in the region are strengthening their **bonds** with one another for closer and reciprocal trade ties, common development and prosperity for the region will not remain a faraway dream.

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