

## Summary of the IAP Peer Review Session

### Expert's Remarks

The report found that in such areas of Tariffs, NTMs, Services and Investment, Australia had implemented autonomous liberalisation beyond its Uruguay Round commitments so that it will reach the Bogor targets by 2010 with continued efforts along the same line. On trade facilitation, the report found that Australia has taken initiatives in implementing collective actions plans in Business Mobility and Customs Procedures and has implemented the OAA in Standards and Conformance. Australia is far ahead of many APEC economies in arranging and implementing competition policy and deregulation.

Australia's progress is assisted by its well-structured procedure of implementing economic policies that are consistent with transparency and accountability. Australia adopted a conservative approach to quarantine and SPS issues reflecting its unique domestic circumstances, that is its island geography. Australia's federal system means there is a split between Commonwealth and State/Territory governments with respect to, among other things, government procurement and investment. Foreign companies and investors can find the system difficult to negotiate.

APEC's IAP Peer Review is intended to reflect unique domestic conditions and to not require quick harmonisation. The Bogor Goals and the OAA are ambiguous but flexible and economies are encouraged to continue efforts to achieve the goals, unlike the WTO Trade Policy Review which indicates departures from WTO rules and urges the economy to remove the gaps. The expert requested that Australia not be satisfied with achieving its goals but that it actively assist developing economies in their efforts to move closer to the Bogor Goals.

### Discussant's Comments

The Discussant initiated his remarks by expressing his confidence in the IAP Peer Review process. The following are some of the highlights of the presentation.

Australia has beyond any doubt made significant progress towards the liberalisation of its trade. However, some sensitive sectors such as textiles, clothing and footwear and passenger motor vehicles are still affected by high tariffs, despite reduction made in 2000. It is not worthy that despite political sensitivities, Australia has managed to reduce tariffs in these sectors significantly and future tariff reductions are planned. One could reasonably expect that Australia would substantially accomplish the Bogor Goals.

Australia does not generally use NTMs so only a few improvements have been reported in the IAP chapter. The only real concern in this chapter is that NTMs related to food products may be more stringent than necessary. Australia's services regime is open, liberal and transparent but a concern was raised as to whether liberalisation measures apply to all levels of government in the Australian federal system. The Discussant also inquired how we would deal with subsidised services under the GATS negotiations.

Australia's improvements made on standards and conformance and leadership on business mobility were welcomed by the Discussant. On government procurement, the point was made that Australia has obligations regarding principles of transparency and non-discrimination and that the WTO GPA is not the only reference. The ANZCERTA provisions provide a good basis for addressing procurement.

The Discussant welcomed Australia's policy on FTAs and invited Australia to consider the possibility of negotiating MRAs with developing economies, recognising the difficulties associated with this task, as it would make a meaningful contribution towards trade facilitation and help developing economies improve their own standardisation system. Australia like other APEC economies has adopted new foundations in its international economic policy and has endorsed FTAs as a valuable tool for opening the economy and achieving a better business environment.

### Australia's Presentation

Australia's on-going commitment to economic reform has contributed to its strong economic performance over the past decade. Macroeconomic policy has been complimented by an ongoing program of comprehensive microeconomic reforms designed to increase productivity and flexibility.

Australia is committed to the Bogor Goals and has made good progress towards their achievements. Tariffs have declined substantially in recent years following a series of unilateral tariff reductions. The simple average applied tariff fell from 8.8 percent in 1995 to 4.3 percent in 2001, less than half the APEC average, with more than 85 percent of all tariff lines now at a rate of five percent or less and 45 percent at zero.

Australia remains committed to on-going structural reform and is paying attention to issues both at and behind the border. The comprehensive competition policy has contributed to Australia's economic performance by improving the transparency of the regulatory regime and helping to eliminate trade and investment distortions.

The WTO is central to Australia's trade policy agenda. APEC's three pillars of trade and investment liberalisation, business facilitation and economic and technical cooperation are another key component of Australia's efforts to promote sustainable economic growth and development.

Australia plays a leading role in APEC's efforts to simplify regulatory and administrative processes and is a leader in customs administration. Considerable resources have been committed to capacity building work and technical assistance and Australia (through AusAid) supports multi-year trade related development activities in APEC developing economies worth around A\$149 million.

### **Question and Answer Segment**

There was a great deal of interest in Australia's new FTA Strategy. Questions were asked about the role FTAs played in Australia's trade policy; what is meant by high quality FTAs, what criteria are in place to determine potential FTA partners and which, if any, sectors are omitted from Australia's FTA negotiations. Australia responded that it actively pursues comprehensive, high quality, WTO-consistent FTAs where these hold out the prospect of more ambitious trade outcomes within a shorter time frame than would be possible at the multilateral level, and where such initiatives would make a positive contribution to the overall objective of global trade liberalisation and reform.

Questions were asked on Australia's SPS policies and import risk assessment process. Australia responded that its SPS measures are consistent with the WTO SPS agreement and do not constitute an unnecessary barrier to trade.

Several questions concerning the role of the Foreign Investment Review Board and assessment criteria for investment proposals were raised. Australia provided a comprehensive response and also undertook to provide a written response to a question from Japan on the assessment criteria for investment proposals.

Other areas of interest for APEC member economies in the review session were tariffs, government procurement, customs procedures, business mobility, audiovisual services, capacity building, trade advocacy and Australia's financial reform program. One question was taken on notice with a written response to be provided to Japan on business mobility and Australia offered to provide further information on financial reform to Hong Kong, China.

### **Concluding Remarks**

The Moderator noted that Australia prepared a comprehensive and informative IAP Report and that Australia was at this stage one of the few economies on track to achieve the Bogor Goals. The Expert encouraged APEC member economies to actively participate in the reviews by providing written questions in advance as this would enhance the review.

The Moderator stated that the IAP Peer Review session is seen as a good process for APEC member economies to undertake common goals and thanked this year's ABAC Chair, Dr Viphand Rongpithya, for attending the session and noted that this attendance demonstrated a closer relationship between APEC and the business community.