

Business
Council of
Australia



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Trade Principles

Trade & International Relations Task Force

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Current developments in the world trading system pose a challenge to Australia's trade policy. As a small, open economy, which is not a natural member of any major trading bloc, Australia has a vital national interest in a healthy world trading system.

Business Council of Australia (BCA) Members in particular have a strong interest in free global trade. Free trade directly benefits Australian business by increasing potential international market size – allowing greater economies of scale – while also enabling the sourcing of lowest cost inputs.

Furthermore, free trade boosts the economic potential of a country by:

- increasing competition and encouraging specialisation;
- ensuring the efficient allocation of resources;
- improving consumer purchasing power;
- enabling the international flow of technology; and
- emphasising the importance of innovation.

This in turn provides wider economic benefits to business, greater growth opportunities and increased living standards.

However, at present, the spectre of stalled or slow multilateral negotiations and the rise of 'new' regionalism in the form of a proliferation of Free Trade Agreements (FTAs) makes it difficult to determine how Australia should proceed with its trade priorities. It is vital for Australia, and Australian business, that the push towards a free global trading system continues. At the same time it is important to ensure that Australia does not end up 'out in the cold' if multilateral processes are not successful.

The following Trade Principles have been developed as part of a broader framework by the BCA's Trade and International Relations Task Force in order to guide the BCA's involvement in trade-related issues.



BCA Trade Principles

The BCA's Trade & International Relations Task Force has developed a trade framework which provides the BCA with a structure for proactive advocacy in the debate on Australia's trade policy. While supporting the overall goal of global free trade and the importance of current multilateral processes, it provides the BCA with a set of specific FTAs to target, guides policy on the content of these agreements and enables the BCA to show how to provide pragmatic support for free global trade through a number of initiatives.

From this framework, a set of BCA trade principles has been developed. The BCA's broad trade policy principles are to:

- Support progress in World Trade Organization (WTO) negotiations towards meaningful trade liberalisation.
- Support reforms to the WTO which facilitate the realisation of more effective multilateral trade liberalisation.
- Promote the case for FTAs to support the broader goal of global free trade.
- Support and advocate FTAs which are vital for Australia's trading interests and support the long-term goal of global free trade, including agreements with China, ASEAN, and potentially, Japan, Korea, the European Union and India.
- Argue that such agreements should be WTO consistent and in line with the 'Best Practice for RTAs/FTAs in APEC' guidelines. In particular agreements should be comprehensive, especially in relation to service related liberalisation; explicitly leave open the possibility of accession of third parties; and create appropriate precedents beyond WTO provisions.
- Ensure that agreements include provisions for regular review:
 - reviews should be used in all agreements to ensure they are kept up to date with changing global trading conditions;
 - reviews are particularly important where the agreement is not initially WTO consistent in order to move agreements towards WTO consistency and provide scope for further liberalisation in line with Australia's expectations.
- As required in order to ensure agreements are moved towards WTO consistency and implemented effectively the BCA will target and support key areas.

Another important aspect in ensuring that BCA's trade objectives are advanced will be the extent to which the BCA can form co-operative partnerships and leverage and build on the work of other business organisations. The BCA's goals will be assisted by working co-operatively with other like-minded business groups at both the domestic and international level. The BCA will endeavour to develop and strengthen relationships with other international organisations as the opportunities arise in order to further the BCA's trade goals.