

The Australia - Thailand Free Trade Agreement

TRADE BARRIERS

Australia and Thailand have signed a free trade agreement (FTA) which will come into operation from January 1 2005. Tariffs on 53 per cent of Australian products will be dropped immediately with more than 90 per cent of Australia's tariffs on Thai imports abolished once the agreement comes into force.

Concessions on Australian wool are as follows:

- Thailand will reduce tariffs on raw and semi-processed wool will reduce from 1% to 0% in 2005 of goods of Australian origin
- For Textiles and apparel (excluding carpets) with tariffs currently at 10% the tariff will reduce to 8% in 2005 will be reduced to 5% in 2007 and eliminated in 2010 for goods that are of Australian origin.
- For carpets, wool knotted carpet with the tariff rate at currently 30%, will become 0% on entry.
- For carpets wool pile current tariff at 30%, will change to 20% upon entry for goods of Australian origin. The tariff will ten be phased to 0% in 2010.
- Thailand will reduce tariffs currently at 30% or 37% for apparel and certain finished textiles to 20% in 2005 for goods of Australian origin. The tariff will be reduced to 16% in 2006, then 12.5% in 2007, then 5% until 2010 and will be eliminated in 2015.
- Tariff on apparel and clothing accessories, for gloves, mittens and mitt with the current tariff rate at 30% will be eliminated to 0% upon entry of the agreement for goods of Australian origin.

CONTEXT

This is Australia's fourth FTA after its deals with New Zealand, Singapore and the United States and illustrates a trend in bilateral negotiations set to continue as Australia and China move towards negotiations of their own FTA in 2005.

Australia and New Zealand have also been invited to meet with ASEAN in Laos this coming November to discuss the potential of a regional free trade deal.

Whilst the July 5th signing of the document by Prime Minister John Howard and Thai Prime Minister Thaksin Shinawatra, is a positive step towards the further liberalisation of trade in our region, the outcomes for Australian wool are limited.

Between 2002 and 2003 Australia's Wool exports to Thailand totalled 9.897Mkg with a total value of 107.5 \$Am.

DETAIL

Australia's tariff commitments

- **Australia will reduce tariffs currently at 25% for apparel and certain finished textiles to 12.5% upon entry into force of the Agreement for goods of Thai origin. This tariff will be held until 2010, when it will reduce to 5%. The 5% tariff will be eliminated by 2015.**

Wool products affected:

6102.10.00-Women's Knitted Jackets (other than those classed under 6104), 6103.11.00 Men's knitted suits, 6103.31.00 Men's knitted Jackets, 6103.21.00 Men's knitted ensembles, 6103.41.00 Men's knitted Trousers, 6104.11.00 Women's knitted suits, 6104.21.00 Women's knitted ensembles, 6104.31.00 Women's knitted Jackets, 6104.41.00 Women's knitted Jackets, 6104.51.00 Women's knitted Skirts, 6104.61.00 Women's knitted Trousers, 6110.11.00 Jumpers, 6114.10.00 other knitted garments, 6201.11.00 Men's worsted Jackets/Overcoats , 6202.11.00 Women's worsted Jacket/Overcoats, 6203.11.00 Men's worsted suits, 6203.21.00 Men's worsted ensembles, 6204.11.00 Women's worsted suits, 6204.21.00 Women's worsted ensembles, 6204.31.00 Women's worsted jackets, 6204.41.00 Women's worsted dresses, 6204.51.00 Women's worsted skirts, 6205.10.00 Men's shirts, 6206.20.00 Women's shirts

- **For Textiles and apparel (excluding carpets) with tariffs currently at 10% or 15%, the tariff will reduce to 5% upon entry will be reduced to 5% for goods that are of Thai origin. The tariff will then be eliminated by 2010.**

Wool products affected:

5111.11.00- Woven fabrics of carded wool, 5112.1 Woven fabrics of combed wool, 6111.10.10 Babies stockings and under stockings, 6301.20.00 Blankets

- **For textile yarns and other textile products with tariffs currently at 5% or below, the tariff will be reduced to 3% upon entry for goods that are of Thai origin. The tariff will then be reduced to 2% in 2006, 1% in 2007 and then eliminated in 2008.**

Wool products affected;

5106.10.00 Yarn of carded wool, 5107.10.00 Yarn of combed wool, 5109.10.00 Yarn of wool not put up for retail sale

- **For carpets, with current tariffs at 15%, Australia will reduce the tariff to 10% upon entry for goods of Thai origin. The tariff will reduce to 8% in 2008, 5% in 2009 and eliminated in 2010.**

Wool products affected

5703.10.00- Carpets Tufted.

Thailand's tariff commitments

- **Thailand will reduce tariffs on raw and semi-processed wool will reduce from 1% to 0% in 2005 of goods of Australian origin.**

Wool products affected;

Greasy raw wool 5101, Waste 5103, wool top 5105

- **For Textiles and apparel (excluding carpets) with tariffs currently at 10% the tariff will reduce to 8% in 2005 will be reduced to 5% in 2007 and eliminated in 2010 for goods that are of Australian origin.**

Wool products affected

Yarn of carded wool 5106, Woven fabrics of carded wool 5111, 5112.

- **For carpets, wool knotted carpet with the tariff rate at currently 30%, will become 0% on entry.**
- **For carpets wool pile current tariff at 30%, will change to 20% upon entry for goods of Australian origin. The tariff will then be phased to 0% in 2010.**
- **Thailand will reduce tariffs currently at 30% or 37% for apparel and certain finished textiles to 20% in 2005 for goods of Australian origin. The tariff will be reduced to 16% in 2006, then 12.5% in 2007, then 5% until 2010 and will be eliminated in 2015.**

Wool products affected

6102.10.00-Women's Knitted Jackets (other than those classed under 6104), 6103.11.00 Men's knitted suits, 6103.31.00 Men's knitted Jackets, 6103.21.00 Men's knitted ensembles, 6103.41.00 Men's knitted Trousers, 6104.11.00 Women's knitted suits, 6104.21.00 Women's knitted ensembles, 6104.31.00 Women's knitted Jackets, 6104.41.00 Women's knitted Jackets, 6104.51.00 Women's knitted Skirts, 6104.61.00 Women's knitted Trousers, 6110.11.00 Jumpers/Knitwear, 6114.10.00 other knitted garments, 6201.11.00 Men's worsted Jackets/Overcoats , 6202.11.00 Women's worsted Jacket/Overcoats, 6203.11.00 Men's worsted suits, 6203.21.00 Men's worsted ensembles, 6204.11.00 Women's worsted suits, 6204.21.00 Women's worsted ensembles, 6204.31.00 Women's worsted jackets, 6204.41.00 Women's worsted dresses, 6204.51.00 Women's worsted skirts, 6205.10.00 Men's shirts, 6206.20.00 Women's shirts

- **Tariff on apparel and clothing accessories, for gloves, mittens and mitt with the current tariff rate at 30% will be eliminated to 0% upon entry of the agreement for goods of Australian origin.**