

## **Pacific Alliance Free Trade Agreement negotiations**

1 July 2017

Today I announce the launch of Free Trade Agreement (FTA) negotiations between Australia and the Pacific Alliance - the Latin American trading bloc made up of Mexico, Chile, Peru and Colombia.

Australia is one of the first countries to launch FTA negotiations with the Pacific Alliance.

The Turnbull Government is seeking a comprehensive, high quality agreement to open new markets for Australian exporters.

An FTA with the Pacific Alliance will create new export opportunities for Australian farmers, miners, manufacturers, educators, service providers and investors in some of Latin America's major economies. Importantly, this FTA will open the door to Mexico for Australian exporters.

The Pacific Alliance is a significant trade bloc. Its GDP was worth more than USD \$1.8 trillion in 2016 and the four countries account for 38 per cent of Latin America's population and 57 per cent of its total imports. Pacific Alliance Members imported goods and services worth more than USD \$600 billion in 2016.

Australia's ability to capitalise on this demand is limited by high tariffs that block trade. Tariffs of up to 80 per cent are imposed on Australian beef, while dairy products attract tariffs of up to 45 per cent and sugar attracts tariffs of more than 30 per cent. Australia's services exports – including education and mining services – also face competitive barriers.

An FTA will bring down these barriers and ensure Australian businesses have competitive access.

Australia's experience negotiating with three of the Pacific Alliance members positions us well to conclude an agreement relatively quickly. Our current FTA negotiations with Peru will complement and reinforce the Australia-Pacific Alliance FTA.

The Turnbull Government is committed to opening new markets for Australian businesses. Growing our exports will drive economic growth and create new Australian jobs.

Negotiations with the Pacific Alliance build on the Turnbull Government's ambitious trade agenda. Recently I launched FTA negotiations with Hong Kong and Peru and I am working towards launch of FTA negotiations with the European Union. Meanwhile momentum continues to build for Australia to conclude an agreement with Indonesia after I re-launched negotiations in 2016.