KEY MESSAGES:

1. COLLECTIVELY, TRADERS ARE PRETTY GOOD AT ACCESSING PREFERENCES (BETTER THAN MANY WOULD EXPECT)

2. APPARENT UNDER-UTILISATION OF PREFERENCES USUALLY ISN’T

3. PROGRAMS TO ASSIST BUSINESSES CAN BE VERY EFFECTIVE
KEY INSIGHTS AND OBSERVATIONS FROM THE DATA:

1. TWO-WAY UTILIZATION OF PREFERENCES IS MAINLY STRONG
2. PREFERENCE UTILIZATION EVOLVES TO A NATURAL LEVEL FOR EACH PTA
3. MARGINS OF PREFERENCE ARE BUT ONE PART OF THE PICTURE
4. THE HIGHER THE VALUE, THE BETTER THE UTILIZATION
5. RULES OF ORIGIN HAVE SOME IMPACT, AS INTENDED
1. TWO-WAY UTILIZATION OF PREFERENCES IS (MOSTLY) STRONG (1)

Preference utilization rates for Australia's imports, 2016 - 2018 (per cent)

Source: Derived from Australian Bureau of Statistics Catalogue 5368.0 and the Combined Australian Customs Nomenclature and Statistical Classification.
1. TWO-WAY UTILIZATION OF PREFERENCES IS (MOSTLY) STRONG (2)

Preference utilization rates for Australia's exports, 2016 - 2018 (per cent)

Source: Derived from partner country websites or through data exchange arrangements.
2. PREFERENCE UTILIZATION EVOLVES, TO A ‘NATURAL’ LEVEL FOR EACH PTA

Preference utilization rates for Australia's imports since entry-into-force of our PTAs with China, Japan and Korea (per cent)

Source: Derived from Australian Bureau of Statistics Catalogue 5368.0 and the Combined Australian Customs Nomenclature and Statistical Classification.
### 3. MARGINS OF PREFERENCE ARE BUT ONE PART OF THE PICTURE (1)

<table>
<thead>
<tr>
<th></th>
<th>MoP 0-1%</th>
<th>MoP &gt;2-3%</th>
<th>MoP &gt;3-4%</th>
<th>MoP &gt;4-5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>89.8%</td>
<td>95.8%</td>
<td>87.8%</td>
<td>91.6%</td>
<td></td>
</tr>
<tr>
<td>[472m]</td>
<td>[313m]</td>
<td>[43m]</td>
<td>[27,901m]</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41.5%</td>
<td>27.6%</td>
<td>28.2%</td>
<td>94.5%</td>
<td></td>
</tr>
<tr>
<td>[1.8m]</td>
<td>[97m]</td>
<td>[220m]</td>
<td>[10,110m]</td>
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</tr>
<tr>
<td>Korea</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42.5%</td>
<td>-</td>
<td>90.9%</td>
<td>95.6%</td>
<td></td>
</tr>
<tr>
<td>[2.8m]</td>
<td></td>
<td>[166m]</td>
<td>[4,232m]</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>92.5%</td>
<td>80.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>[167m]</td>
<td>[9,857m]</td>
<td></td>
</tr>
</tbody>
</table>
3. MARGINS OF PREFERENCE ARE BUT ONE PART OF THE PICTURE (2)

AANZFTA preference utilization rates for Australia's imports from Vietnam for those TCF products where the MFN tariff reduced from 10 per cent to 5 per cent in 2015 (%)

Source: Derived from Australian Bureau of Statistics Catalogue 5368.0 and the Combined Australian Customs Nomencature and Statistical Classification.

USE OF PTAs: THE AUSTRALIAN EXPERIENCE
4. THE HIGHER THE TRADE VALUE, THE BETTER THE PREFERENCE UTILIZATION

Preference utilization rates by value of eligible trade from partner country (%)

- Annual eligible trade under A$100 million: 73.0%
- Annual eligible trade A$100 million to A$1 billion: 81.0%
- Annual eligible trade over A$1 billion: 91.5%
### 5. RULES OF ORIGIN HAVE SOME IMPACT, AS INTENDED

<table>
<thead>
<tr>
<th>HS</th>
<th>Product</th>
<th>AUSFTA MoP (%)</th>
<th>Total imports eligible for AUSFTA preference (A$m)</th>
<th>AUSFTA preference utilisation rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>8703.24.19</td>
<td>New, motor vehicles with spark-ignition internal combustion reciprocating piston engine, cylinder capacity exc 3000cc</td>
<td>5</td>
<td>862.7</td>
<td>99.7</td>
</tr>
<tr>
<td>8703.33.20</td>
<td>Motor vehicles with diesel or semi-diesel engine, cylinder capacity exceeding 2500cc, with gvw exceeding 3.5t (excl PMVs or vehicles for the transport of ten or more persons)</td>
<td>5</td>
<td>312.7</td>
<td>34.8</td>
</tr>
</tbody>
</table>
AUSTRALIA’S TARGET IS 90 PER CENT PTA COVERAGE

PTA coverage (per cent of total goods and services trade)

- 2013: 27%
- 2020: 70%
- Target: 90%

USE OF PTAs: THE AUSTRALIAN EXPERIENCE
KEY ISSUES FOR BUSINESSES

- PERCEIVED COMPLEXITY
- INFORMATION GAPS
- CAPACITY
- WHERE TO START, WHO TO TALK TO
- MARKET ANALYSIS

USE OF PTAs: THE AUSTRALIAN EXPERIENCE
AUSTRALIA’S INTEGRATED STRATEGY TO OPTIMISE BUSINESS USE OF PTAs:

• LARGE INVESTMENT BY GOVERNMENT
• AWARENESS RAISING CAMPAIGNS
• FTA PORTAL  https://ftaportal.dfat.gov.au/
• FTA SEMINARS AND WEBINARS
• FACTSHEETS AND RESOURCES
• HELP DESK SERVICES
• BUSINESS AND EXPORT ASSISTANCE PROGRAM
• OUTREACH AND ADVOCACY
• ANALYSIS
Welcome to the FTA Portal

- Discover new trade opportunities
- Learn about Free Trade Agreements
- Find accurate tariffs for your product
- Explore services commitments
- Check your eligibility for benefits
- Get latest trade data

Explore by Market

- Brunei Darussalam
- Cambodia
- Canada
- Chile
- China
- Cook Islands

FTA Utilisation
OTHER INSIGHTS, AND LESSONS LEARNT (1)

• IT IS OKAY FOR TRADERS TO CHOOSE
• MANY BUSINESSES RELY ON TRADE INTERMEDIARIES
• LEVERAGING INDUSTRY NETWORKS WORKS
• MSMEs FACE THE BIGGEST HURDLES, BUT ..... 
• APPARENT UNDER-UTILIZATION ISN’T ALWAYS NEGATIVE
OTHER INSIGHTS, AND LESSONS LEARNT (2)

• CONSISTENCY IN RoOs AN IDEAL
• GVCs AND RoOs – MISMATCH?
• POSSIBILITIES FOR CUMULATION
• TRANSHIPMENTS PROVISIONS ALSO AN ISSUE
• PREFERENCE UTILIZATION ANALYSIS - EXTREMELY USEFUL BUT NOT NECESSARILY WELL UNDERSTOOD
• RESOURCING CONSTRAINTS
THE FUTURE?