

# **THE US – AUSTRALIA FREE TRADE AGREEMENT -THE PRO CASE**

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# **Trade Theory and Trade Policy**

**“There are no statesmen in this business. Trade Theory is about whose hand is in whose pocket, and Trade Policy is about who should take it out.”**

J. M. Finger

# Key Arguments in favour

- **US economy world's largest & one of the most dynamic**
- **54 years of GATT / WTO still leaves many trade barriers to Australia/US trade**
- **FTA's are proliferating – Australia is facing actual discrimination in most of her key markets e.g. Japan, EU, ASEAN, US, ROK. China, Canada, EFTA, Mexico, LAFTA, etc, etc.**
- **Export growth to US has been languid –reduction in long standing barriers would be a fillip**

# **PRO ARGUMENTS cont.**

- **Trade distortion downsides are minimal**
- **As are trade relations implications with other trading partners – they are already more advanced with FTA's than Australia !!!**
- **Agribusiness in particular would be substantial gainers**
- **The NAFTA contingency protection and dispute settlement provisions would be a big gain on the existing WTO provisions**

# **PRO ARGUMENTS cont.**

- **Australia can and must pursue bilateral and multilateral liberalization paths together**
- **Finally, there would be economy wide benefits for consumers and producers**

# **AGRIBUSINESS BENEFITS IN THREE KEY AREAS**

- **Improved market access for traditional agricultural exports – beef, mutton, lamb, sugar, dairy, wine, wool, and certain horticulture etc**
- **Adjustment/ competitiveness gains overtime in presently lagging agribusiness sectors.**
- **Enhanced capacity to better grasp global and regional Agrifood globalisation realities through US food multinationals**

# **AGRIBUSINESS BENEFITS cont.**

- **The benefits of each of these opportunities are not to be underestimated**
- **And benefits will not be obtainable to the same extent – or in the same timeframe – through the WTO**

# **CONCLUSION**

- **SUPPORT WHOLEHEARTEDLY A GENERALLY COMPREHENSIVE FTA BETWEEN AUSTRALIA AND THE US**
- **IN SO DOING GIVE “GOOD’ AUSTRALIANS AND AMERICANS THE OPPORTUNITY TO REACH THEIR FULL POTENTIAL**
- **DON’T STAY WITH THE STATUS QUO SUPPORTING THE UNCOMPETITIVE IN BOTH ECONOMIES !!!**