



Deepening of KOR- AUS FTA

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Deepening of KOR-AUS FTA

Development of FTA between KOR and AUS

- Summit meeting in May 2000
 - Prime Minister John Howard proposed a bilateral FTA between Korea and Australia
- APEC meeting at Busan in Nov 2005
 - Prime Minister John Howard suggested to President Roh Moohyun of having a bilateral FTA between the two countries again
- President Roh Moohyun responded that FTA with AUS could bring negative impact on Korean Agricultural sector → Too early to launch a bilateral FTA negotiation
- Feasibility Study (2007)
 - FTA Feasibility Study is on-going (KIEP and ITS Global participate)
 - Round table negotiation (2008)
 - Preparatory Meeting (Seoul & Canberra)
 - Launch of bilateral negotiation (2009) → Long interval between 5th and 6th round of negotiation (May 2010~Nov 2013)



Deepening of KOR-AUS FTA

Development of FTA between KOR and AUS

- Resuming of Kor-Aus FTA negotiation
 - Effectuation of Korea-EU FTA and Korea-US FTA
 - Development of Trans Pacific Partnership
- 7th round of negotiation (Dec 2013) → Conclusion of negotiation
 - Official signing of the FTA → April 8th 2014
- Effectuation of KOR-AUS FTA → Dec 12, 2014
 - Korea's 10th FTA entering into force



Deepening of KOR-AUS FTA

Korean Trade

(Unit: Million US\$)

	2014				2015			
	Exports	Share	Imports	Share	Exports	Share	Imports	Share
Total	572,665		525,515		526,757		436,499	
1 China	145,288	25.4%	90,082	17.1%	137,124	26.0%	90,250	20.7%
2 US	70,285	12.3%	45,283	8.6%	69,832	13.3%	44,024	10.1%
3 Hong Kong	27,256	4.8%	1,750	0.3%	30,418	5.8%	1,493	0.3%
4 Vietnam	22,352	3.9%	7,990	1.5%	27,771	5.3%	9,805	2.2%
5 Japan	32,184	5.6%	53,768	10.2%	25,577	4.9%	45,854	10.5%
6 Singapore	23,750	4.1%	11,303	2.2%	15,011	2.8%	7,942	1.8%
7 India	12,782	2.2%	5,275	1.0%	12,030	2.3%	4,241	1.0%
8 Taiwan	15,077	2.6%	15,690	3.0%	12,004	2.3%	16,654	3.8%
9 Mexico	10,846	1.9%	3,268	0.6%	10,892	2.1%	3,464	0.8%
10 Australia	10,283	1.8%	20,413	3.9%	10,831	2.1%	16,438	3.8%
11 Saudi Arabia	8,288	1.4%	36,695	7.0%	9,482	1.8%	19,561	4.5%
12 Philippine	10,032	1.8%	3,331	0.6%	8,318	1.6%	3,252	0.7%
13 Indonesia	11,361	2.0%	12,266	2.3%	7,872	1.5%	8,850	2.0%
14 Malaysia	7,583	1.3%	11,098	2.1%	7,735	1.5%	8,609	2.0%



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Australian Trade

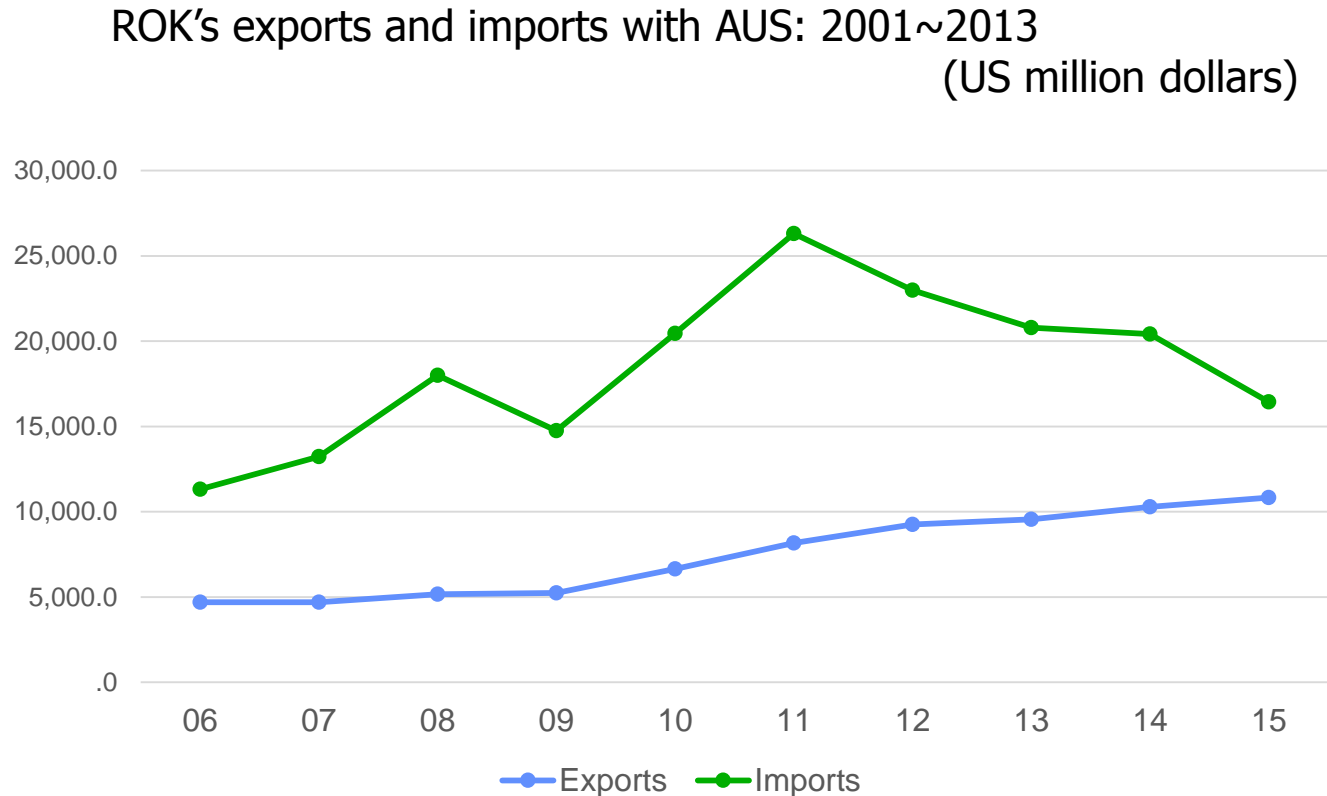
(Unit: Million AUD)

	2014				2015			
	Exports	Share	Imports	Share	Exports	Share	Imports	Share
Total	266,501.1		252,403.4		251,165.9		266,670.0	
1 China	82,572.1	31.0%	46,905.3	18.6%	81,078.5	32.3%	61,686.4	23.1%
2 Japan	43,435.9	16.3%	15,779.8	6.3%	39,900.2	15.9%	19,742.6	7.4%
3 Korea	18,002.3	6.8%	10,845.9	4.3%	17,784.7	7.1%	14,515.0	5.4%
4 US	10,126.4	3.8%	24,274.3	9.6%	13,631.7	5.4%	29,660.4	11.1%
5 India	7,991.7	3.0%	2,816.9	1.1%	10,701.8	4.3%	4,764.7	1.8%
6 New Zealand	7,291.6	2.7%	7,100.3	2.8%	8,341.4	3.3%	7,616.8	2.9%
7 Singapore	7,723.7	2.9%	11,775.9	4.7%	6,775.8	2.7%	9,287.2	3.5%
8 Taiwan	6,301.2	2.4%	4,081.7	1.6%	6,343.1	2.5%	4,733.5	1.8%
9 Indonesia	4,561.5	1.7%	5,784.6	2.3%	4,961.8	2.0%	5,664.6	2.1%
10 Malaysia	5,272.9	2.0%	10,414.9	4.1%	4,556.5	1.8%	9,885.6	3.7%
11 Thailand	4,691.3	1.8%	9,858.3	3.9%	4,336.2	1.7%	13,573.8	5.1%
12 UK	3,373.1	1.3%	5,567.0	2.2%	3,717.9	1.5%	7,109.0	2.7%
13 Vietnam	2,733.0	1.0%	4,602.0	1.8%	3,482.7	1.4%	4,481.4	1.7%
14 UAE	2,522.4	0.9%	2,538.5	1.0%	3,367.0	1.3%	2,417.5	0.9%



Deepening of KOR-AUS FTA

Bilateral Trade between KOR and AUS

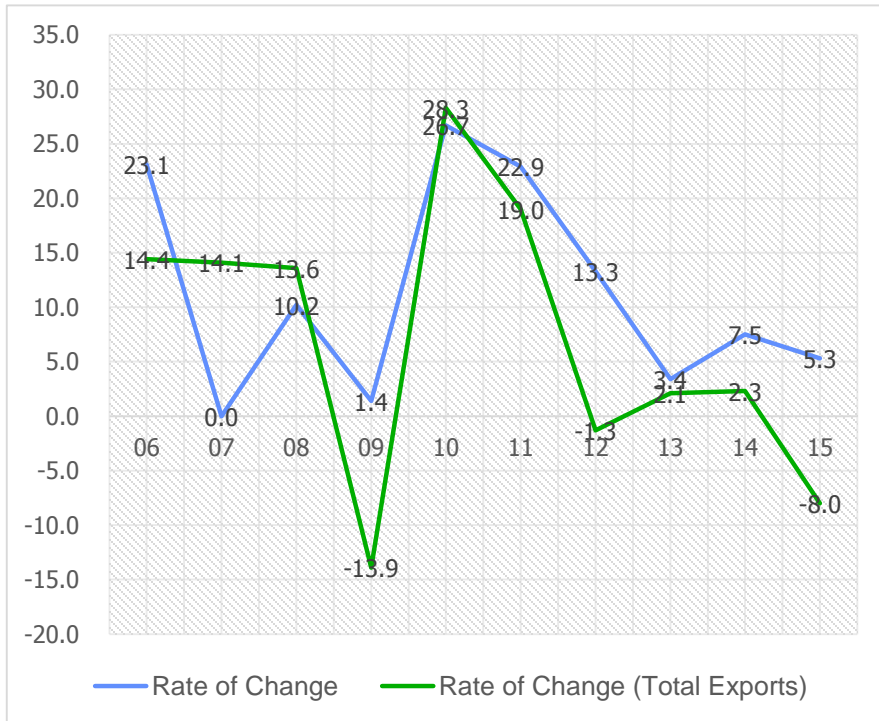


Deepening of KOR-AUS FTA

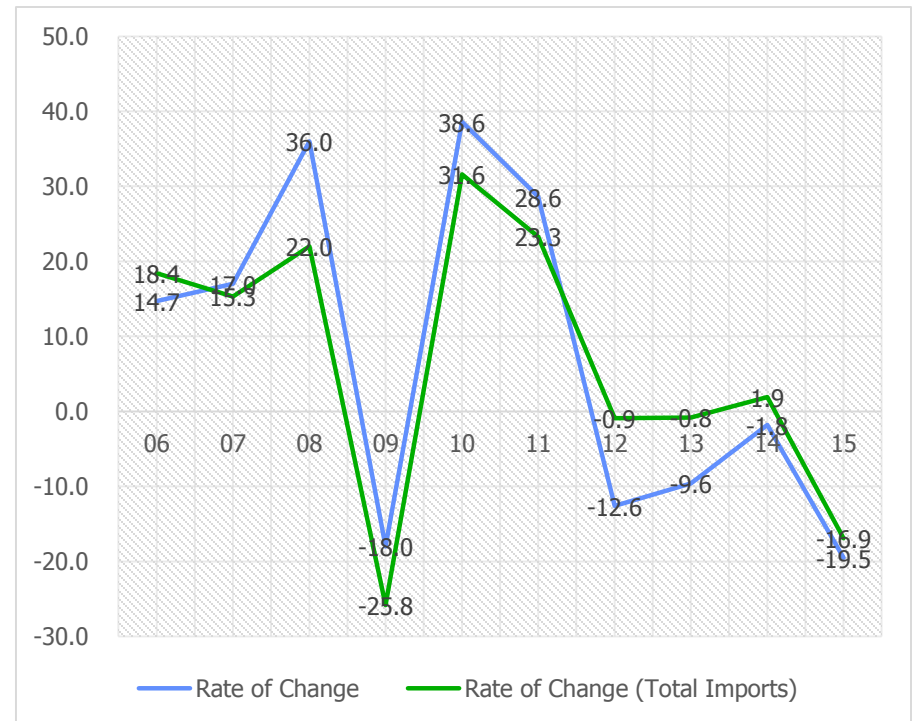
Bilateral Trade between KOR and AUS

Rate of Change in Bilateral Trade

<Export>



<Import>





Deepening of KOR-AUS FTA

Applied Tariff from Imports from AUS

(Unit: Million AUD)

Industry	2014			2015		
	Import	Tariff Revenue	Applied Tariff	Import	Tariff Revenue	Applied Tariff
Electronic Machinery	76.8	4.8	6.3%	47.7	2.9	6.1%
General Machinery	102.0	7.1	6.9%	109.6	4.1	3.7%
Leather	2.5	.1	2.1%	.7	.0	2.6%
Metal	1,072.1	13.6	1.3%	1,068.0	5.9	0.6%
Non-Metal	179.3	5.4	3.0%	284.9	5.6	2.0%
Other Manufacturing	11.9	.2	1.6%	12.2	.1	0.9%
Other Transportation	61.0	2.2	3.6%	338.2	15.7	4.7%
Paper/Wood	55.6	.7	1.3%	40.9	.5	1.2%
Precision Machinery	47.1	1.2	2.6%	34.0	.6	1.9%
Primary	1,509.2	444.9	29.5%	1,620.2	422.3	26.1%
Processed Mineral	16,148.9	59.2	0.4%	11,848.9	39.3	0.3%
Processed Primary	805.2	49.3	6.1%	745.9	36.4	4.9%
Rubber/Chemical	101.2	6.3	6.2%	170.2	3.3	1.9%
Textile/Garment	181.8	.7	0.4%	108.8	.3	0.3%
Transportation	58.4	4.7	8.0%	7.5	.6	7.4%
Undefined	.0	.0	20.4%	.0	.0-	
Total	20,413.0	600.2	2.9%	16,437.8	537.7	3.3%



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Bilateral Trade between KOR and AUS

Korea's Exports to AUS by Firm-Size

2013				
Firm Size	Total Exports	Share	Exports to AUS	Share
Large	374,929.4	67.0%	7,750.0	81.0%
Medium	87,691.8	15.7%	867.7	9.1%
Small	95,998.3	17.2%	940.5	9.8%
Other	1,012.9	0.2%	4.9	0.1%
2014				
Large	376,004.0	65.7%	8,452.7	82.2%
Medium	96,929.9	16.9%	879.0	8.5%
Small	98,067.0	17.1%	943.2	9.2%
Other	1,663.7	0.3%	7.6	0.1%



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Utilization of KOR-AUS FTA

1. Expansion of bilateral trade
 - Tariff elimination → Limited
 - Average tariff rate of AUS is quite low
 - Korea's major exports from AUS is natural mineral → Inelastic import demand
 - Trade diversification → Active involvement by SMEs
2. Utilization rate of KOR-AUS FTA
 - No official report about the utilization rate of KOR-AUS FTA
 - Relatively high utilization rate for both import and export
 - Expected to improve as tariff reduction/elimination continues
3. Improvement of economic cooperation
 - Expansion of investment opportunity
 - Strengthening of cooperation in the process of East Asian economic integration (RCEP and TPP)
4. Designing of new business model
 - Consolidation of regional value chain