



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

More opportunities for Australia and Peru from rapid implementation of Free Trade Agreement

Statement from Tania Constable, Chief Executive Officer

Parliament's Joint Standing Committee on Treaties (JSCOT) recommendation that Australia should immediately sign the Peru-Australia Free Trade Agreement (PAFTA) is further recognition of PAFTA's potential to boost the value of Australia's economic relationship with one of the fastest-growing economies in Latin America.

MCA's submission to JSCOT identifies that PAFTA will provide direct benefits to Australian business in the form of reduced tariffs on exports of goods to Peru, greater access for Australian services in the Peruvian market, and reduced trade costs through more streamlined customs and administrative arrangements.

Mining commodities and mining equipment, technology and services (METS) dominate Australia's \$640 million trading relationship with Peru, with seven out of the top eight of Australia's largest merchandise exports to Peru in 2017 METS or mining commodities.

Under PAFTA, Peru will eliminate 99.4 per cent of its tariffs. For the resources sector, this includes removal of tariffs on iron ore, copper, nickel, coal and mineral fuels and oils.

PAFTA also provides commitments on environmental protection and safeguards for Australian public policies in health, education, social welfare and environmental regulation.

With an economy similar to the size of Vietnam – and larger than New Zealand – and a rapidly growing middle class, there is significant scope to rapidly grow Australia's economic linkages with Peru.

The agreement provides greater certainty and stability around two-way investment links between Australia and Peru.

Australia had \$601 million invested in Peru at the end of 2017, mostly in Peru's resources sector with several Australian mining companies investing in exploration, partnerships with local companies and operational mining activities.

PAFTA will make life better for Peruvians as well as creating jobs and supporting business in Australia. Trade liberalisation has helped make Peru one of the fastest-growing economies in Latin America since the turn of the century, with poverty declining from 52 per cent in 2005 to 26 per cent in 2013.

Enabling legislation for the agreement was tabled in September this year. Parliament should follow JSCOT's recommendation for 'early ratification' under its current form, so its benefits can start flowing in the near future.

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