

# Agreement opens doors to Chinese trade

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**“Signing the China-Australia Free Trade Agreement is a significant milestone that will benefit both our countries and further deepen our relationship. The Australian dairy industry can expect positive flow-on effects right throughout the supply chain.”**

Dairy Australia Managing Director, Ian Halliday

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**For more than a decade the Australian dairy industry supported the Federal Government’s efforts to achieve a Free Trade Agreement with China, through engagement with Chinese Ministry of Agriculture to share technical information and assist China’s domestic dairy production.**

## ISSUE

China imports the equivalent of more than 10 billion litres of milk each year. Today, it is Australia’s number one dairy market. In 2015/16, almost 145,000 tonnes of dairy product (20% of Australia’s total dairy exports by volume) worth USD\$604 million was exported to China. But China is also a target market for other global suppliers and Australia needs to gain trading advantage to continue to grow sales into the country.

## SOLUTION

As demand for dairy foods in China escalated, the door opened for more international suppliers to enter the market. For the Australian dairy industry, it brought urgency to trade negotiations and the need to secure an effective agreement with China.

For more than a decade the Australian dairy industry conducted trade activity and relationship building with China, to increase cooperation between the nations and provide a strong foundation to develop and then exploit a Free Trade Agreement. Among its initiatives, Dairy Australia has been a guest and presenter at the China Dairy Industry Association (CDIA) annual conference since 1995, conceived and worked closely with CDIA on the China Scholarship program starting in 1999, all aimed at building trust, understanding and long-term commercial relationships to benefit Australian dairy.

## RESULTS

In December 2015, the China-Australia Free Trade Agreement (ChAFTA) came into force.

The Minister for Trade and Investment, Andrew Robb said the agreement was the most favourable trade deal China had done with any developed economy. “It will put us in the box seat to further capitalise on China’s rising middle class and increasing demand for the types of high quality goods and services that Australia can and does provide.”

Now, 85 per cent of Australian goods exported to China are able to enter duty free, expected to rise to 96 per cent when the FTA is fully implemented. In dairy alone, tariffs of up to 20 per cent are expected to be progressively eliminated across a range of products.



## MARKET ACCESS, INTERNATIONAL COMPETITIVENESS

Market intelligence and market access  
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