

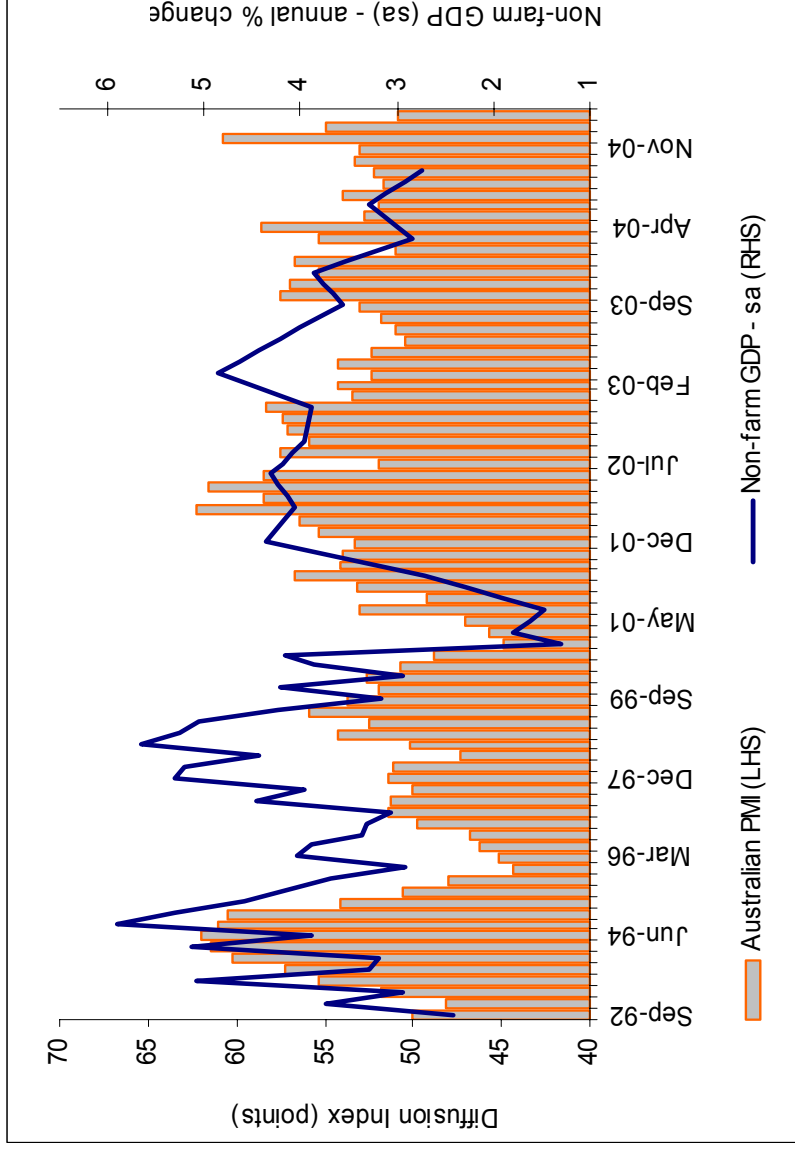
Australia- Malaysia FTA

Trends in Australian Manufacturing

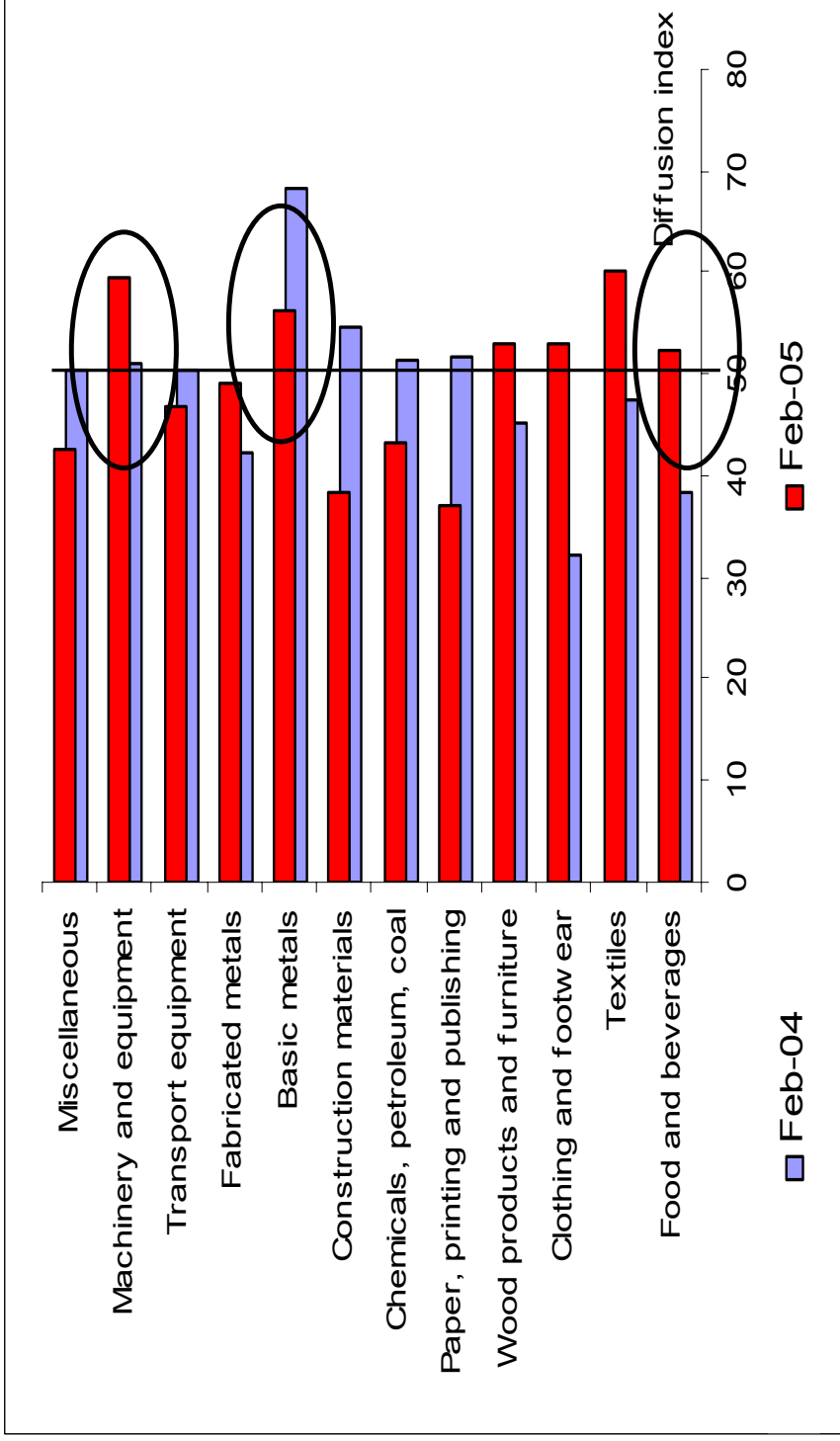
Australian Manufacturing accounts for...

- 13% of Australia's private sector economy
- 43% of all private R&D spending
- 43% of total exports (on an industry of origin basis)

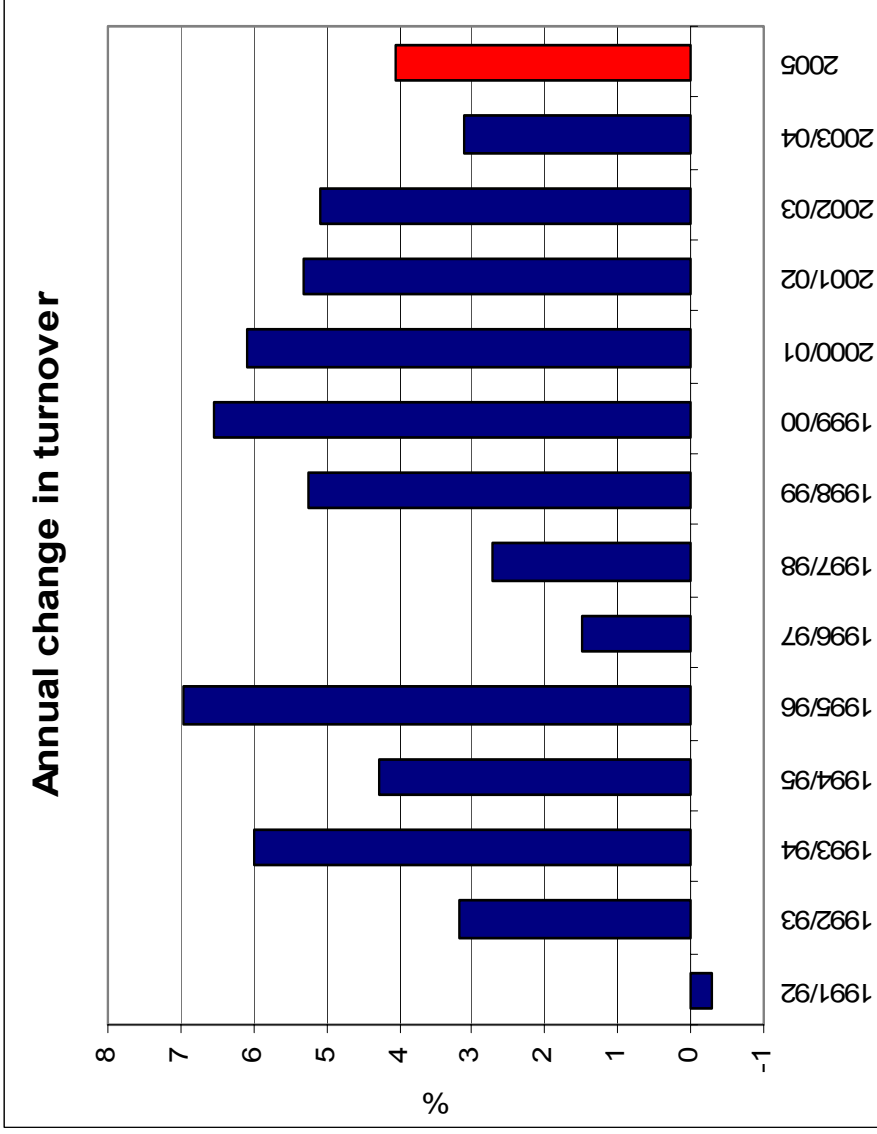
The Australian PMI points to softening activity growth in early 2005 ...



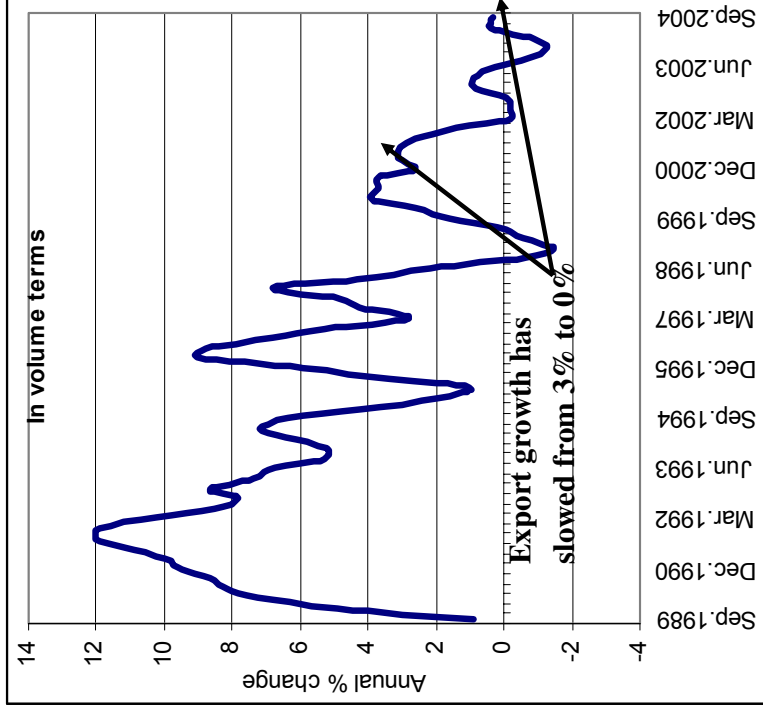
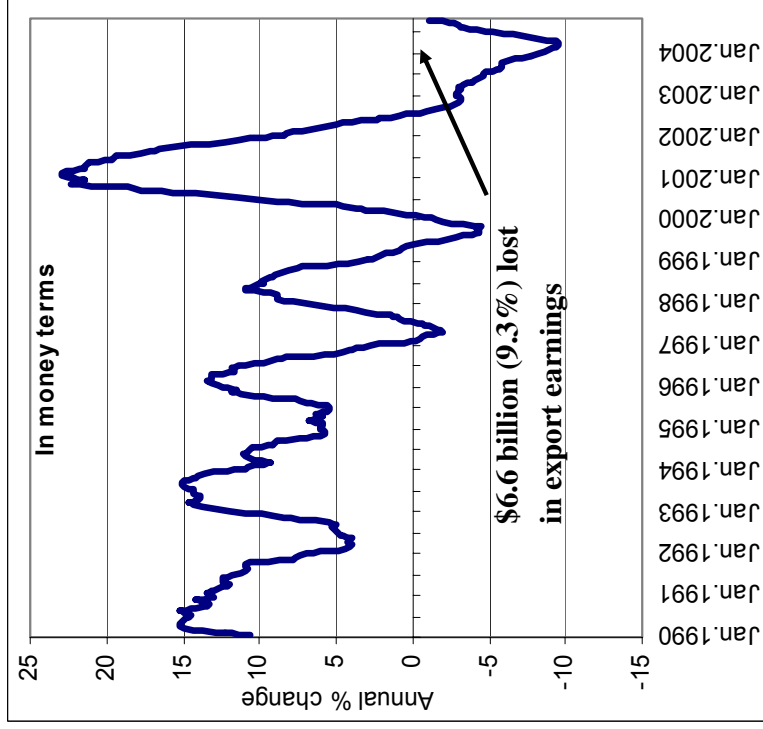
The food and metals sectors remain the main contributors to growth ...



Sales growth is expected to remain at current levels ...

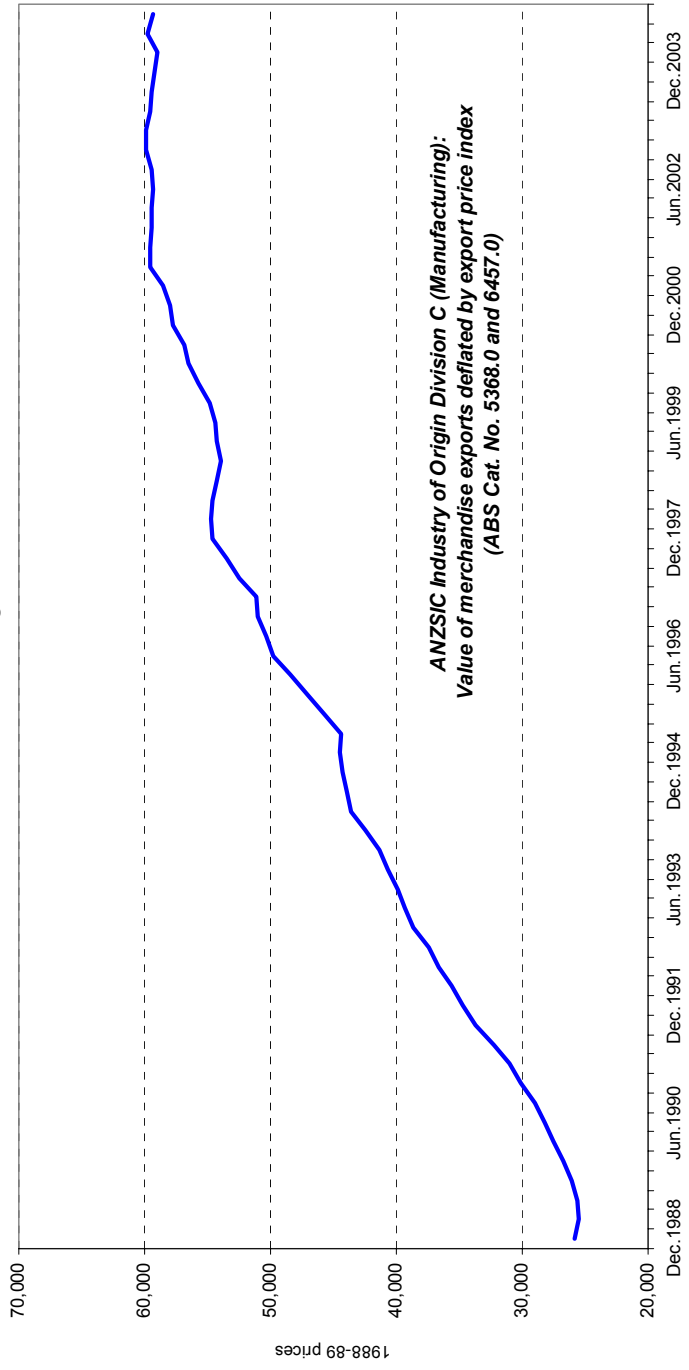


But overall activity is being held back by weak growth in manufactured exports and a stronger dollar ...

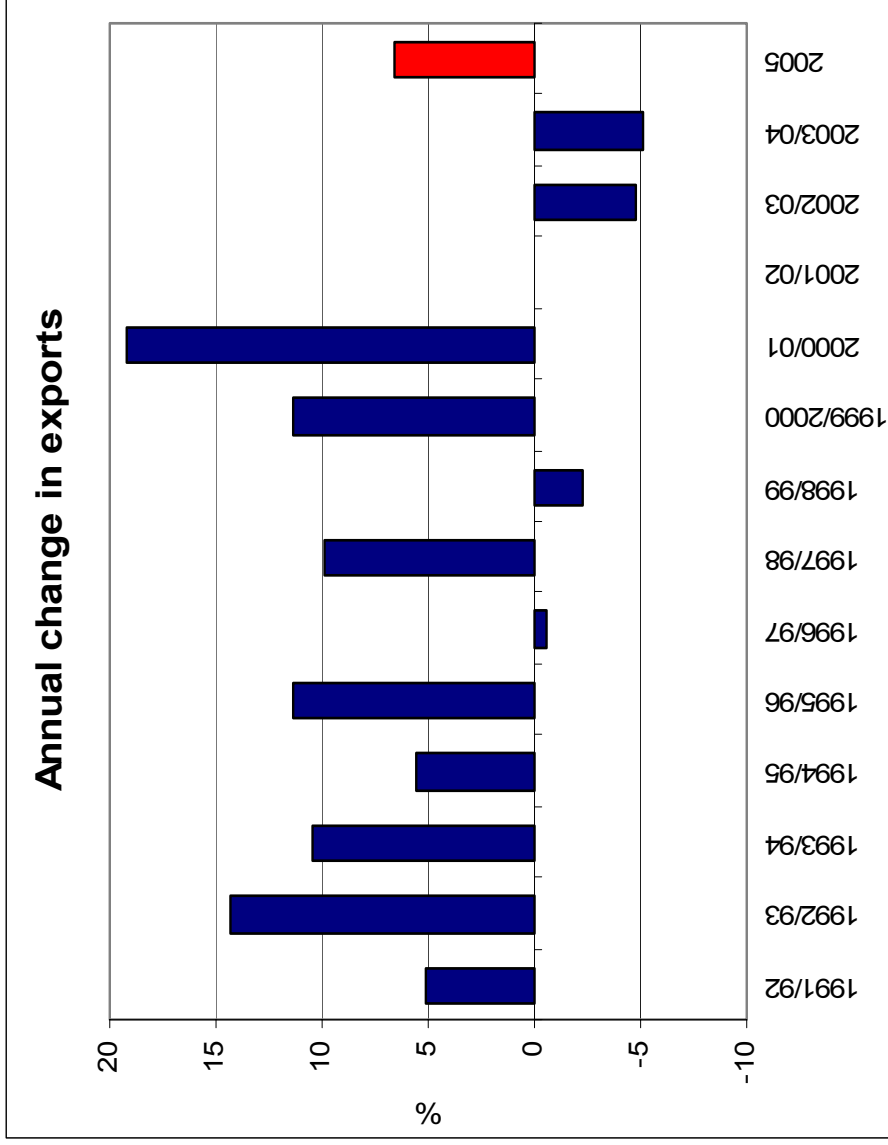


Manufactured Exports Flat

Volume of Manufactured Goods Exports
(Four Quarter Rolling Total)

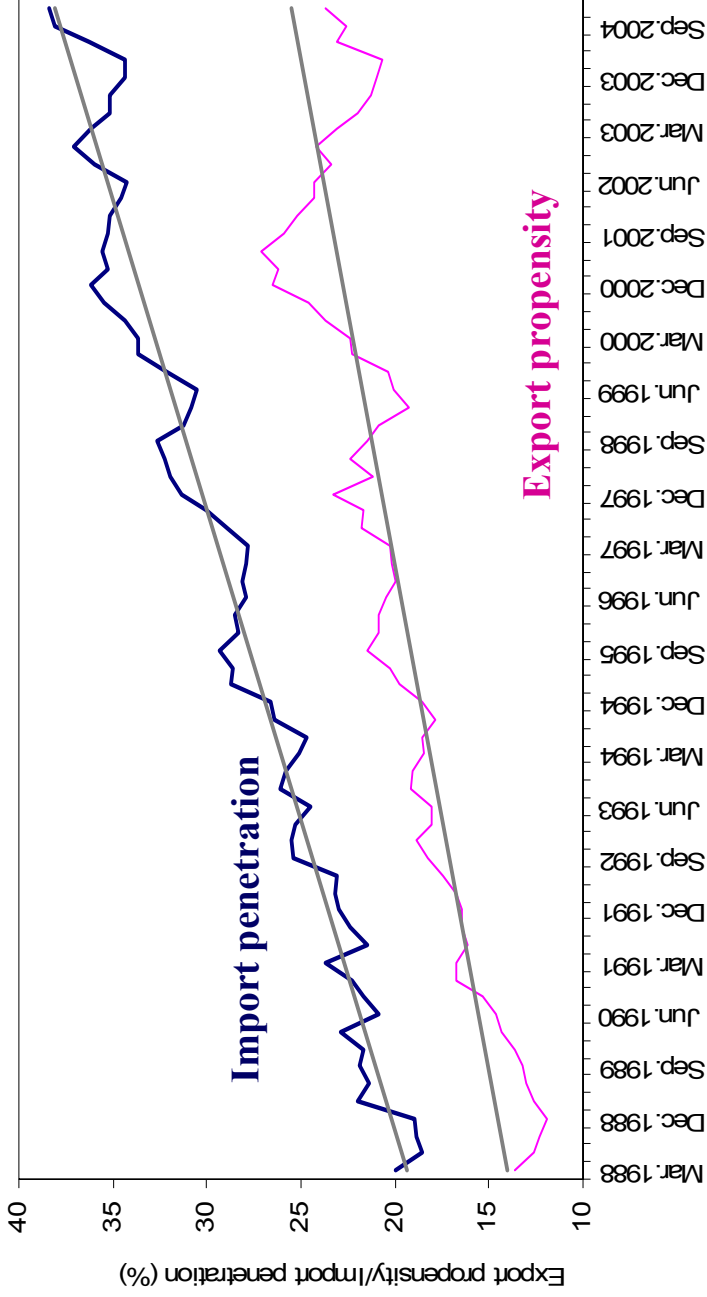


Manufactured exports will continue to underperform ...



Trade Intensity

Trade intensity in Australian Manufacturing

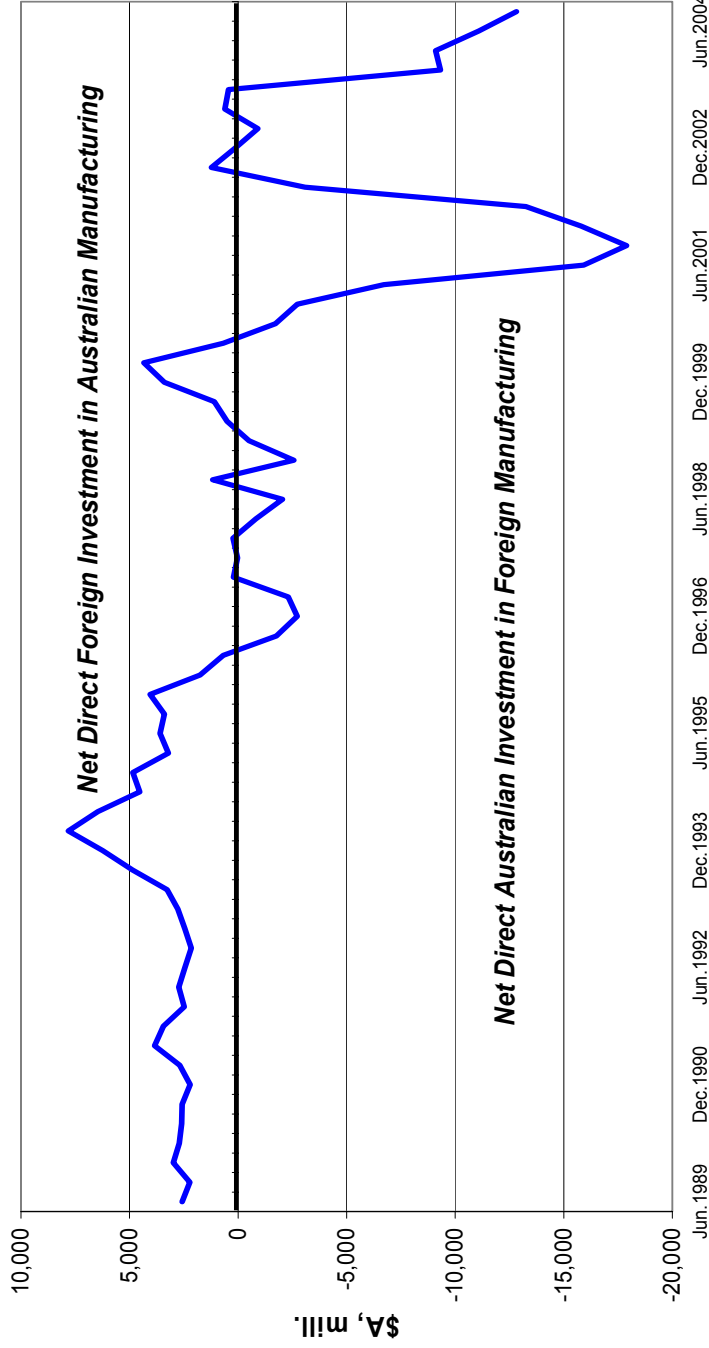


Source: ABS

Note: Import penetration calculated as imports as a proportion of total sales less exports plus imports. Export propensity calculated as export sales as a proportion of total sales.

FDI FLOWS

Manufacturing - Net Foreign Direct Investment

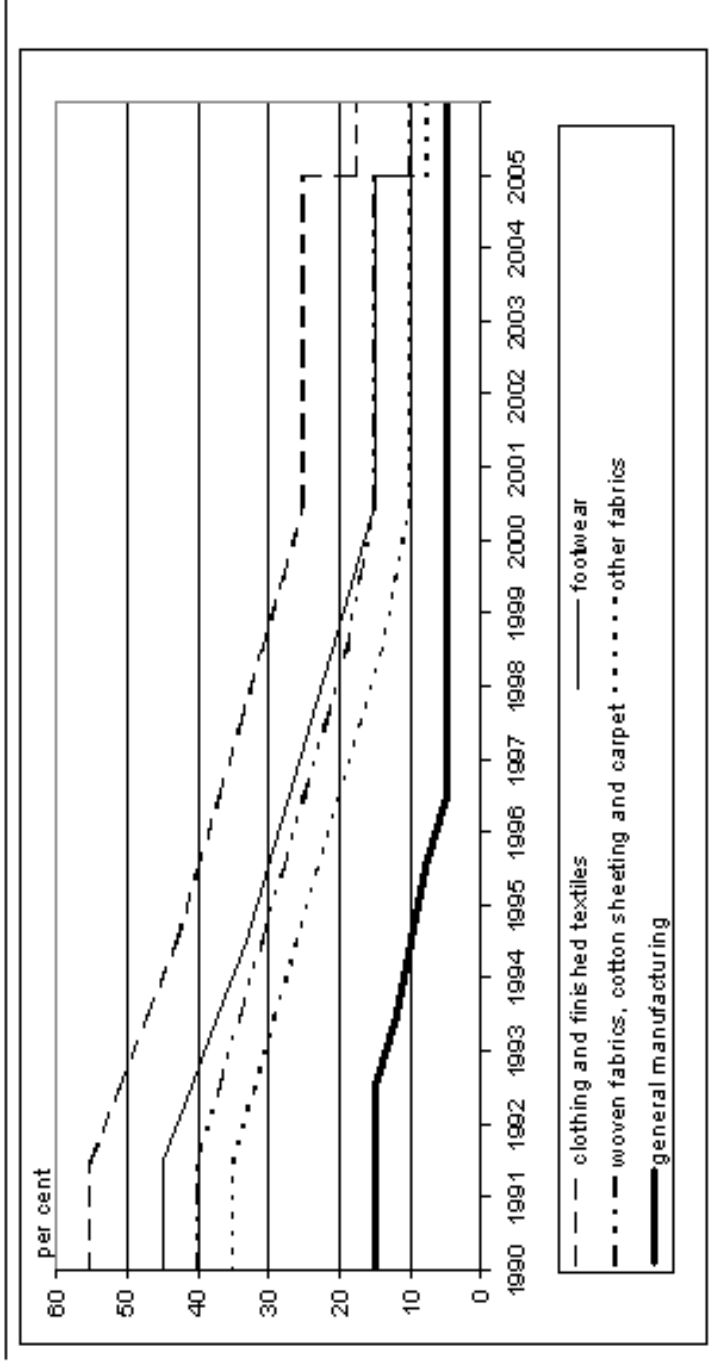


Source: ABS

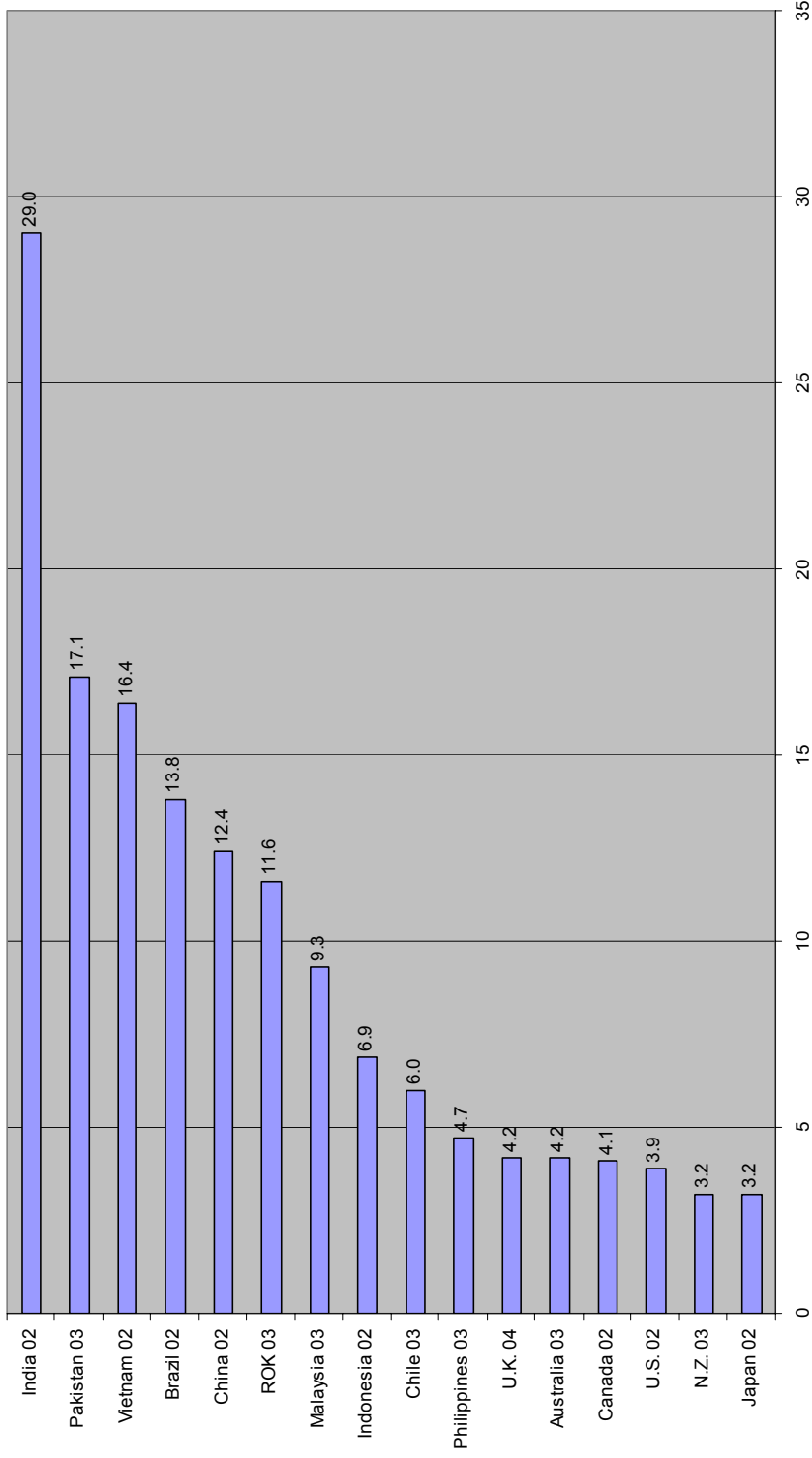
China Impact

- 68% rate China as having a “critical” impact on the future of their business
- 90% of these companies are restructuring their businesses in response to this pressure
- “Made in China” – 25% of value added is Chinese, remainder is Pan-Asian.

Australian level of protection decreasing...



Global tariffs



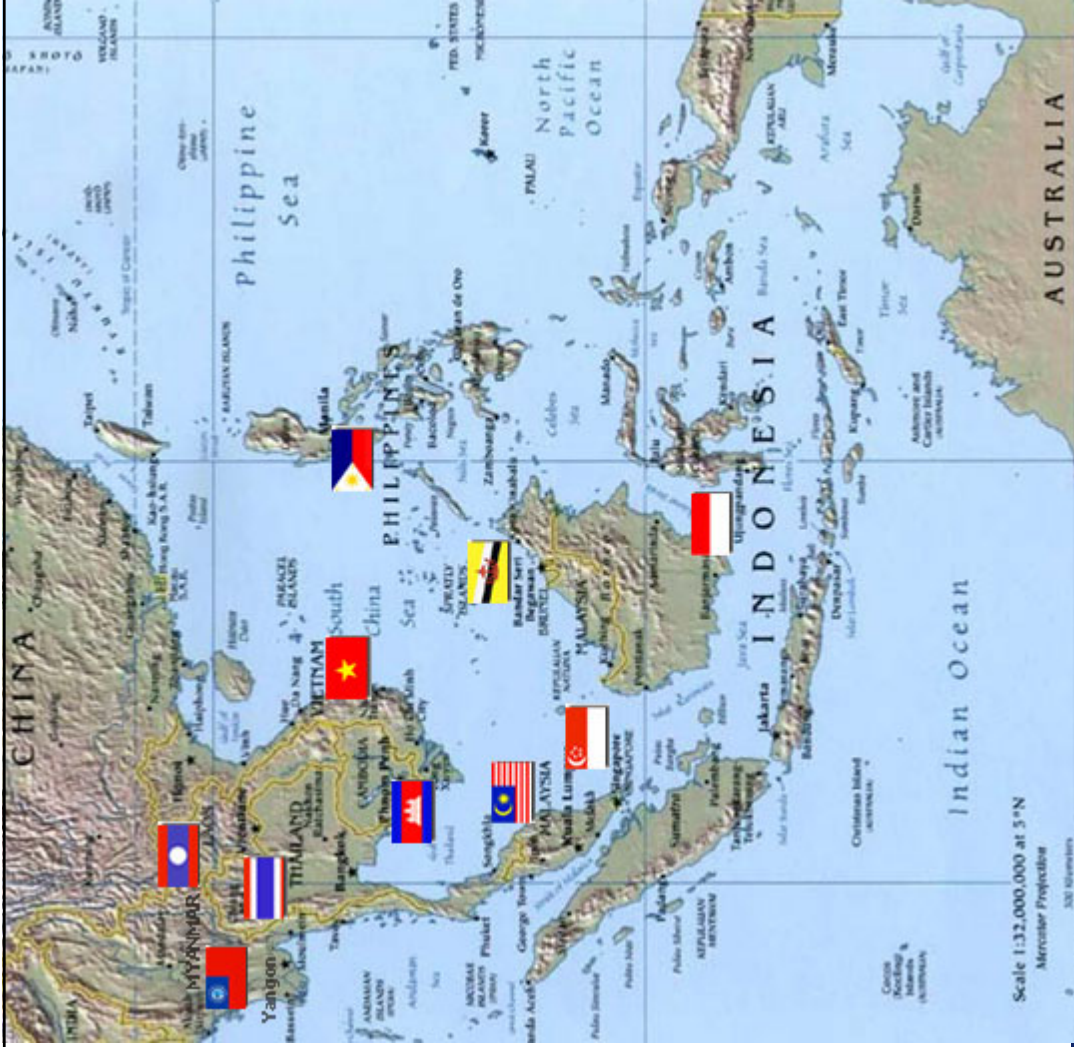
Source: WTO

The Trade Policy Big Picture

- WTO has stalled
- PTAs proliferate
- Australia has unilaterally liberalised

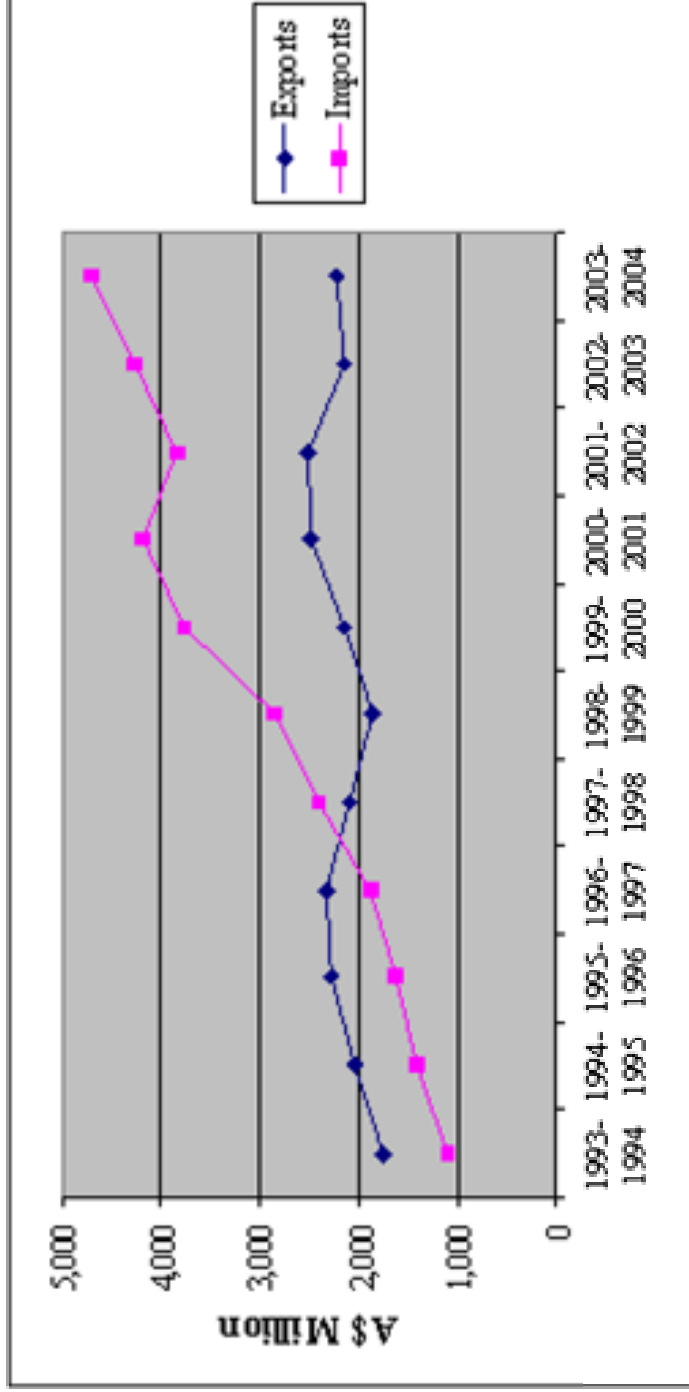
State of Play

- Existing Agreements
 - On the cards:
 - N.Z. (ANZCERTA)
 - Singapore (SAFTA)
 - Thailand (TAFTA)
 - U.S. (AUSFTA)
 - China (CHAFTA?)
 - Malaysia (MAFTA?)
 - AFTA-CER
 - U.A.E.



AI AUSTRALIAN INDUSTRY GROUP

Merchandise Trade with Malaysia



Source: DFAT

Top 5 imports & exports

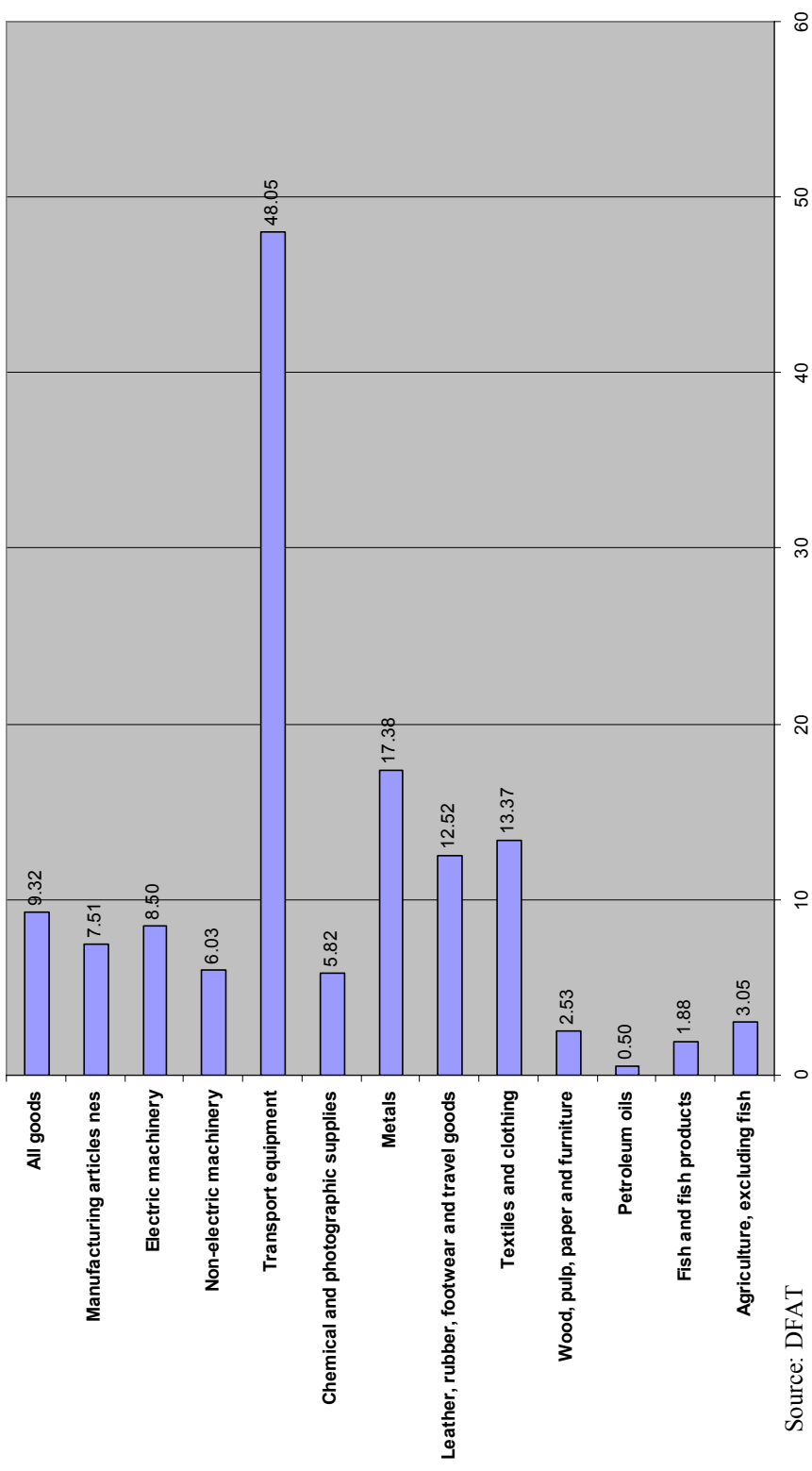
Exports to Malaysia

1. CI (mainly wheat & sugar)
2. Copper
3. Aluminium
4. Milk & cream
5. Medicaments

Imports from Malaysia

1. Crude petroleum
2. Computers
3. Integrated circuits
4. Telecom. Equip.
5. Furniture

Malaysia's tariff barriers



Source: DFAT

Malaysia's NTBs

- Transparency, administration of Customs procedures.
- Product Standards, particularly Halal.
- Implementation of IPR laws.
- Investment restrictions
- Discriminatory treatment in Government Procurement.

Additional Features

- Anti-dumping
- Safeguard Action
- Dispute Settlement