

TRADE AND ASSISTANCE REVIEW 2013-14

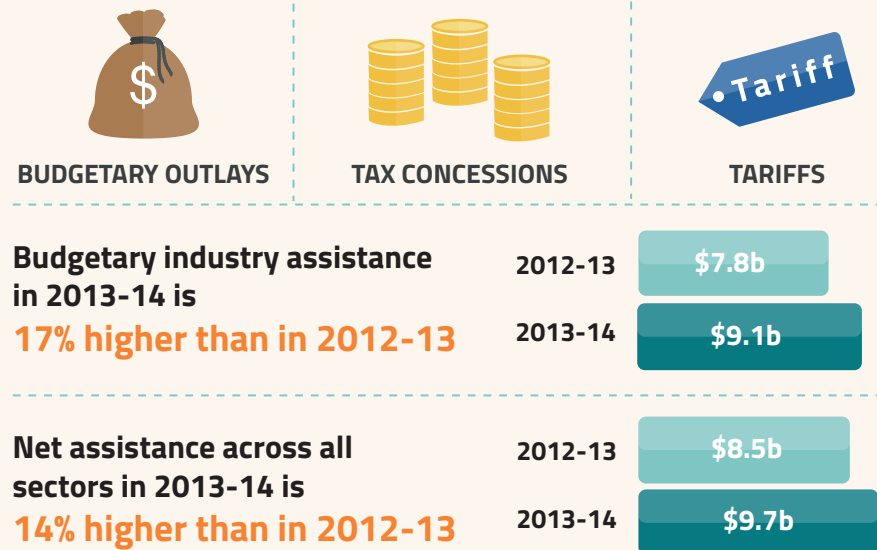
Unravelling the DNA of Global Trade



Australian Government
Productivity Commission

Gross and Net Industry Assistance

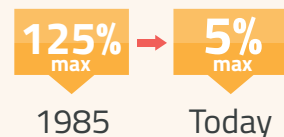
In 2013-14 Australian industry received over
\$17 billion Gross assistance



Net assistance is the assistance provided to business once you take into account the cost penalty of tariffs on purchases. Tariffs protect some businesses but also tax other businesses

Tariffs tax households and businesses

While tariffs and quotas today are much lower than they were...



they still 'tax' every Australian by around **\$150 each year**



They also added an estimated **\$7.3 billion to business costs in 2013-14**, 'taxing' Australia's exporters and other businesses



"Services are penalised by Government – actually receiving net negative assistance of -\$0.6 billion"

Multilateral Trade Reform Matters

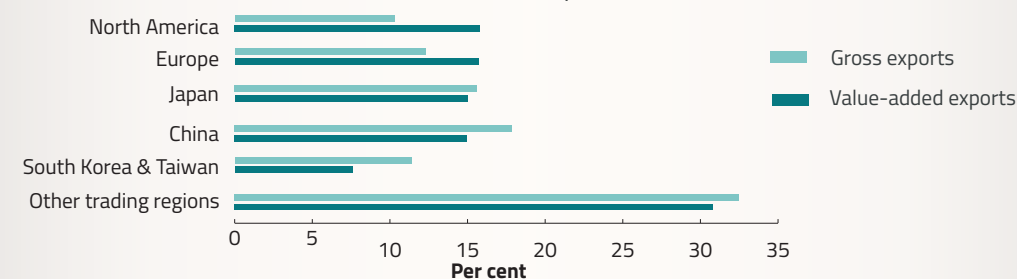
In a world of global value chains and growing value-added trade flows,
multilateral trade reform makes most sense

Global Value Chains

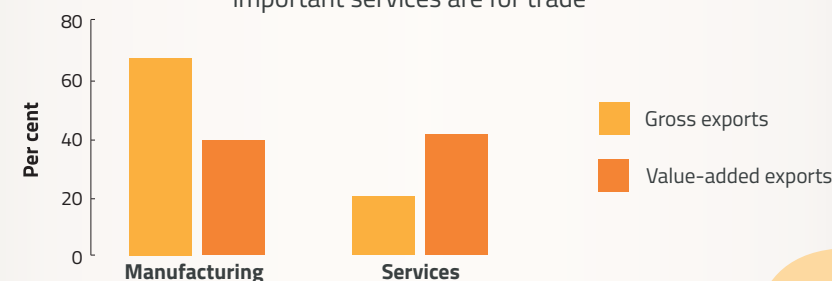


Minerals mined in Australia are exported to make computers in China and then sold in Europe and United States

By taking into account the ultimate destination of Australia's exports, the importance of United States and Europe is elevated



Most global trade is in goods, but the new data emphasises just how important services are for trade



"Trade and industry policies not based on the value-added trade story, and many are not, are at best ill-informed."
Commissioner Karen Chester

The benefits of trade agreements are often oversold and the impacts are not fully assessed

With the growing rate of **preferential trade agreements**, the Government needs to establish and commit to a robust assessment process, which will address **transparency concerns**

Japan Australia Economic Partnership Agreement was assessed by a Regulation Impact Statement and national interest analysis and also reviewed by the Joint Standing Committee on Treaties – Let's see how they did against what we think is a necessary comprehensive evaluation



Comprehensive Evaluation

Government and Parliamentary Assessment



Identify intended incremental changes to existing policy settings and regulation



Identify scale of activities affected



Estimate economy-wide effects and timescale over which impacts would occur



Identify potential risks and alternatives for reform



Provide overall assessment and scope for improvement



This year marks the Productivity Commission's 18th annual Trade & Assistance Review. The full report is available on our website at www.pc.gov.au/research/recurring/trade-assistance/2013-14