



# The Economic Impact of the AUSFTA

Andrew L. Stoler

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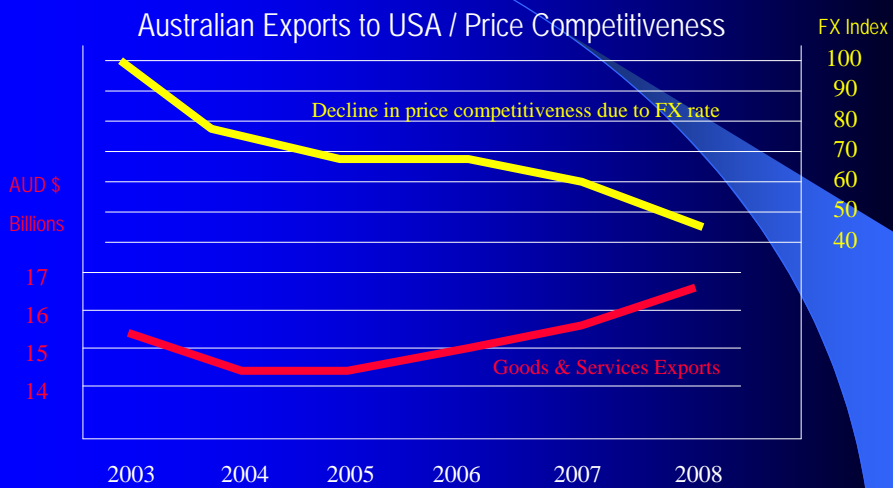
## Early estimates of economic impact

- US\$ 20.1 billion in net welfare gains over 20 years
- 4% increase in Australian GDP by 2010
- Australian GDP benefit of US\$ 15.5 billion over 20 years
- 0.8% rise in Australian exports by 2006
- Enhanced investment flows into Australia

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## Australian Beef and Dairy Exports to the USA \$ AUD Million

	2004	2005	2006	2007	2008
Beef	1,333	1,449	1,161	1,239	949
Dairy	75.4	91.6	112.2	90.7	72.7

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## Trade Intensity Measures

Index	2003	2004	2005	2006	2007
Index 1	0.61	0.57	0.49	0.48	0.51
Index 2	5.1	4.8	4.5	4.7	4.4

Index 1: The share of Australia's exports to the USA divided by the share of USA imports in global imports net of Australia's.

Index 2: Calculation of total trade for USA as a percentage of Australian GDP.

Source: Review of Export Policies and Programs pp. 96-97

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### Australia – East Asia Trade in Goods and Services

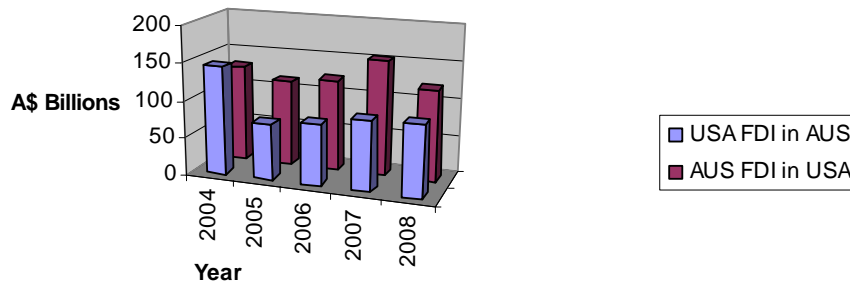
\$AUD Millions

Trade Partner	2004	2008	Percent Increase
China	28,433	63,859	125%
Japan	41,055	59,611	45%
Korea	14,898	22,818	53%
ASEAN	43,963	80,730	84%

Australia – USA Trade: 22%



### Bilateral FDI Stocks





## Working Group on Professional Services

- Accounting
  - MRAs allowing Australians to sit for international version of US national CPA exam
- Engineering
  - MRA between Engineers Australia and Texas Board of Professional Engineers
- Legal Services
  - New FLC rule in Delaware
  - CCJ resolutions on Australian lawyers

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## Some Tentative Conclusions

- Exports to USA up (12%) since AUSFTA compared to decline in previous period
- Bilateral trade up (22%) in four years but no real change in trade intensity
- No evidence of trade diversion in East Asia
- Investment effect difficult to understand
- Important signs of progress in qualitative economic impact

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