Trade and Economic Framework between Australia and the People's Republic of China

Australia and the People's Republic of China ("the Parties"):

Acknowledging the long-term stability and rapid growth of their bilateral economic and trade cooperation since the establishment of diplomatic relations in 1972;

Desiring to strengthen their long-term friendly and cooperative relationship and to develop a healthy, stable partnership into the twenty-first century;

Recalling the 1973 Trade Agreement Between the Government of Australia and the Government of the People's Republic of China

which has served as the basis of the Parties' trade and economic relations since that time;

Reaffirming the Parties' commitment to strengthen vigorously the multilateral trading system as embodied in the World Trade Organization (WTO), and to promote regional economic development through cooperation in APEC;

Reaffirming the Parties' commitments to formulate a framework for economic and trade cooperation on the basis of the principles of equality, complementarity, mutual benefit and respect;

Emphasising the Parties' commitments to developing trade and investment, and their belief that developing a framework for negotiation and dialogue is a crucial factor in unlocking the potential of the economic relationship;

Believing that signing by the two Parties of this Trade and Economic Framework will reflect their wish to build a stronger economic and trade relationship and push that relationship to a higher level;

Have arrived at the following understandings:

Part 1.

By means of all-round economic and trade cooperation, the Parties will cooperate to achieve balanced and comprehensive trade and investment facilitation and liberalisation.

Part 2.

The Parties will take steps to promote strategic cooperation in key sectors with outstanding potential, inter alia, energy and mining; textiles, clothing and footwear; agriculture; mechanical and electronic products; tourism; education; inspection and quarantine; customs cooperation; environmental protection; investment; information and communications technology; biotechnology; public health; food safety; and intellectual property rights. The Parties will facilitate mutual business travel and the activities of business associations. They also will participate jointly in China's Central and Western development initiatives. The cooperation in the above-mentioned areas and related initiatives will assist firms of both countries to identify commercial opportunities and strengthen bilateral trade and investment. See Annex I for details on sectoral strategies.

Part 3.

The Parties recognise the benefits of regular bilateral meetings between Leaders and Ministers, including those responsible for trade, the economy, agriculture, resources and energy, in building a stronger bilateral partnership and will work together cooperatively to facilitate such meetings, including at multilateral and regional fora.

The Parties will enhance dialogue on trade and economic cooperation, strengthen the Australia-China Joint Ministerial Economic Commission, and take steps to facilitate bilateral trade and investment and resolve issues that may arise.

The Parties recognise the opportunities presented by high-level visits in both directions and will use such contacts to pursue further growth of bilateral trade and economic cooperation, and to strengthen consultation on multilateral and regional trade and investment and other matters of common interest. They also support the development of various forms of cooperation between the Australian and Chinese business communities.

Part 4.

The Parties will promote high-level two-way visits and dialogue between the government, business and academic communities of the Parties for the purpose of developing and enhancing the trade and investment partnership and strengthening cooperation on issues of mutual interest.

The Parties recognise the importance of regular high level consultations on regional and multilateral trade issues, including in APEC and the WTO, and of seeking to coordinate policy positions and approaches to the extent possible. The Parties will hold regular dialogue on these issues at appropriate senior officials level.

Part 5.

The Parties will enhance dialogue in matters of trade, including trade remedies, to afford each other fair treatment in trade policy and trade measures.

Part 6.

The Parties recognise that all national government measures which impact on bilateral trade and investment should be carried out in a reasonable, objective and transparent manner. The Parties will afford adequate opportunity for consultations to exchange information on issues raised by the other country with respect to such matters.

Part 7.

The Parties will afford adequate opportunity for consultations to exchange information and views on issues related to the possible implications of agreements between either country and a third country or countries that provide for preferential treatment of trade or investment.

Part 8.

As an expression of the will of the two countries to build an even stronger economic and trade relationship, Australia and China will jointly undertake a feasibility study into a possible bilateral Free Trade Agreement (FTA) negotiation. (See Annex II for details.) The study will be completed by 31 October 2005.

Recognizing China's tremendous achievements in establishing a market economy, Australia will not apply Sections 15 and 16 of the Protocol of Accession of the People's Republic of China to the WTO and Paragraph 242 of the WTO Report of the Working Party on the Accession of China during the course of the study. Recognizing that Australia and China should negotiate on an equal basis, a joint decision by the two Parties to negotiate an FTA will take account of the results of the feasibility study and only follow Australia's formal recognition of China's full market economy status.

Part 9.

The Parties will establish a Joint Committee on Trade and Investment under the framework of the Australia-China Joint Ministerial Economic Commission to review progress in implementing this Framework, and to report to the Ministers of both countries.

The Joint Committee will be composed of representatives of both countries and will be chaired jointly by appropriate senior level officials.

The Joint Committee will organise consultations on specific trade or investment issues as necessary and may establish

working groups.

Part 10.

This Framework will take effect on the date of signing by the Parties, and will remain in effect for five years and for subsequent periods of five years each unless, in the period ending six months before the end of each such five year period, one of the Parties informs the other that it wishes to terminate the Framework at the end of the relevant five year period.

Both English and Chinese language versions of this Framework and its annexes are equally authentic.

SIGNED at _____ this _____day of _____2003.

For the Government of Australia

Mark Vaile, Minister for Trade

For the Government of the People's

Republic of China

Yu Guangzhou, Vice Minister for Commerce

Annex I

In order to promote stable economic growth and steady expansion of markets for key sectors, Australia and China will extend their cooperation, including in the trade policy area, and create favourable conditions for trade and investment for both countries. Areas of cooperation mutually determined by the Parties are:

Energy and mining

Australia and China are engaged in a number of bilateral cooperative activities to develop trade and investment in the areas of mining and energy, through the Australia-China Bilateral Dialogue Mechanism on Resources Cooperation ("Bilateral Dialogue Mechanism") and the Australia-China Natural Gas Technology Partnership Fund. The Parties wish to build on this successful energy and mining relationship through, inter alia:

- enhancing the development of the long term minerals and energy partnership, including through concrete actions under the Bilateral Dialogue Mechanism, to enhancing the development of the long term minerals and energy partnership, including through concrete actions under the Bilateral Dialogue Mechanism, to 4 improve the regulatory and policy climate, cooperation in the area of training, research and development and promoting business linkages and exchanges; and

- concluding administrative arrangements for the Australia-China Natural Gas Technology Partnership Fund to build a greater depth of partnership and enhance mutual understanding of the role that clean energy (i.e. natural gas and LNG) resource development and use plays in the creation of national and regional wellbeing.

Textiles, Clothing and Footwear

The Parties have established strong trade relations in textiles and clothing. Both attach high importance to the liberalisation of this trade. They believe that the trade in textiles and clothing can be further promoted through the following measures:

- strengthen cooperation and dialogue aimed at promoting long-term relations of mutual benefit, integrating measures to improve conditions of trade and investment, and encouraging development of business links and contacts;

- hold regular trade fairs and exhibitions in Australiato strengthen promotion of Chinese products;

- in the textile industry, encourage deeper bilateral cooperation in pre-processing of wool, waste water treatment, training, apparel design, fashion, marketing, etc; and

- support the formation of joint ventures or joint development of brands between the two countries' clothing and textiles firms to jointly open the world market.

Agriculture and Quarantine Inspection

Australia and China are engaged in a number of bilateral cooperative activities in the areas of agricultural trade and investment, for example through the 1984 Agreement between the Government of Australia and the Government of the People's Republic of China on Agricultural Cooperation and the 1984 Protocol between the Government of Australia and the Government of the People's Republic of China on a Program of Cooperation in Agricultural Research for Development.

The Parties wish to build on this through, inter alia:

- concluding a Plant Quarantine Protocol on Australian Wheat and Barley Imports into China;

- concluding a Memorandum of Understanding on Cooperative Activities in Water Resources;

- working towards concluding a Memorandum of Understanding on Cooperation on Sanitary and Phytosanitary Matters;

- strengthening communication and consultation mechanisms in relation to inspection and quarantine matters, and improve mutual understanding of each country's inspection and quarantine procedures; and

- enhancing cooperation and dialogue on quarantine management regulations, registration policies and other policies and practices to identify areas where improvements can be arranged; consultations on food safety inspection and certification issues to improve transparency and facilitate compliance and two-way trade; and concrete action to facilitate business and commercial linkages and exchanges.

Development of China's Central and Western Regions

China is willing to share Australia's advanced experience in improving and disseminating pasture and animal husbandry products.

China is willing to strengthen cooperation in human resources, including promoting bilateral contacts between experts and inviting Australian experts to train managers and technical personnel in central and western regions.

China will adopt various effective formats through which to organise business representatives from central and western regions to visit Australia, promoting contacts and cooperation between the regions' business sectors and Australian business.

Investment

Australia and China already are important investment partners for each other, and both welcome the trend of growing investment.

Each country has an interest in leveraging off the natural resources, industrial strength and human talents of the other, particularly through ongoing investment linkages. The Parties wish to enhance this process through, inter alia:

- cooperating and exchanging information aimed at improving the climate for two-way investment, including action to enhance transparency and predictability, improving administrative decision-making processes and the protection of investments and investors; and

- taking action to build institutional linkages between Australian and Chinese agencies with a view to promoting visits, conferences and other activities.

Services

Australia-China services cooperation and trade is expanding rapidly. The Parties recognise that the expansion of such trade and the deepening of cooperation will benefit both Parties.

The Parties recognise the importance of education and training in removing obstacles to poverty reduction and economic growth.

The Parties note the existence of the 2002 Memorandum of Understanding on Cooperation in Education and Training

that builds upon the two former education Memoranda of Understanding (1995, 1999) and identifies fields of mutual interest and creates opportunities to develop programs for cooperation in education and training on the basis of reciprocity and mutual benefit. The Parties will meet to discuss the priorities to expand cooperation in education and training. They wish to further expand the relationship by concluding an Arrangement on Higher Education Qualifications Recognition between the Government of Australia and the Government of the People's Republic of China.

China hopes to enhance cooperation with Australia in matters of labour services, especially in agriculture, horticulture, manufacturing, medical treatment and public welfare agencies. China hopes to explore possibilities for cooperatively training nurses. China hopes Australia will determine to employ Chinese personnel in industries with relative labour shortages; expand areas of cooperation step by step; and facilitate Chinese personnel travelling to Australia.

The Parties hope to complement each other in engineering projects, making full use of the relative advantages enjoyed by each side, and enhance cooperation in such projects in China, Australia or third countries.

The Parties will explore the possibility of Chinese firms investing under contract in Australian resources and mining development projects, further deepening bilateral cooperation in these fields.

Information and Communications Technology and E-commerce

The Parties note the existence of the 1999 Memorandum of Understanding between the Ministry of Information Industry of the People's Republic of China and the Department of Communications, Information Technology and the Arts of Australia concerning Cooperation in the Information Industries that encourages cooperation between the Parties in the field of information industries and will seek to intensify cooperation under this MOU.

Customs Cooperation

Australia and China already work closely together on customs issues, reflecting the importance of those issues in the expansion and facilitation of trade and commercial relations. The Parties wish to enhance this in the following ways:

- working toward concluding an MOU on customs cooperation and mutual assistance;

- promoting dialogue between Chinese and Australian Customs and their commercial circles in order to build communications and understanding between customs and business on both sides. Customs procedures should, on the basis of compliance on the part of firms, be simplified, facilitating trade for firms;

- continuing to promote electronic commerce strategies and drive the development of paperless trading;

- jointly raising standards of clean government. There remains room for greater cooperation in raising such standards and further promoting trade facilitation; and

- stepping up cooperation in law enforcement. Chinese Customs' specific law enforcement departments will set up robust liaison channels at working level with relevant Australian Customs departments to stamp out smuggling, especially of drugs; will regularly share information on enforcement work, new technology and methods; and will further promote bilateral cooperation and contacts in enforcement.

Australia is welcome to continue WTO training for Chinese officials involved in inspection and quarantine, certification and accreditation, standardisation, quantification, customs, paperless trading, and so on.

Intellectual Property Rights

Intellectual property rights are an important component of business activity, research and development, and their protection is key to success in higher technology sectors and services.

The Parties recognise the importance of the protection of intellectual property rights in providing a stable and competitive business environment for enterprises and in encouraging research and innovation. The Parties will work cooperatively bilaterally, regionally and multilaterally on matters of intellectual property protection.

Public Health

The Parties note the existence since 1993 of a Memorandum of Understanding on Health Cooperation between the Department of Health, Housing, Local Government and Community Services of the Government of Australia and the Ministry of Public Health of the People's Republic of China, which provides a framework within which proposals for health activities in fields of mutual benefit can be jointly considered. Under this framework, the Parties wish to enhance their cooperation in the field of public health by, inter alia, concluding a new Plan of Action on Health Cooperation.

Food Safety

The Parties note the existence of the 1980 Agreement between the Government of Australia and the Government of the People's Republic of China on Cooperation in Science and Technology that seeks to strengthen friendly relations and scientific and technological cooperation between the two countries.

The Parties recognise the importance of food safety and food standards for ensuring people's health, for improving their

standard of living and for the development of international trade. The Parties are committed to providing strong scientific and technological support for food safety and will enhance their cooperation by, inter alia, concluding a Memorandum of Understanding on Scientific and Technological Cooperation in Food Safety.

Technical Barriers to Trade

In order to facilitate trade and ensure that technical regulations and standards do not become unnecessary obstacles to trade, the Parties will seek to develop work plans and mechanisms devoted to promoting further cooperative activities in related areas.

The Parties will:

- work towards concluding a bilateral understanding (supplementing multilateral commitments), or a cooperative framework program for quality supervision, inspection and quarantine, to enhance cooperation in WTO-related training for China's inspection and quarantine personnel;

- strengthen communication and consultation mechanisms in relation to differences over inspection and quarantine, and improve mutual understanding of each country's inspection and quarantine procedures;

- strengthen cooperation in standards, quantification, certification and accreditation issues. The Parties should fully utilise the 1999 China-Australia-New Zealand Standard Wool Contract, set up two-way liaison channels, enhance contacts and linkages, and jointly adopt effective administrative measures to deal with existing issues, including retesting requirements for wool, to ensure the interests of the two Parties and promote bilateral trade;

- cooperate to assist China to participate more broadly in regional standards and certification mechanisms. At the same time, the Parties should enhance arrangements and consultations between their certification agencies on mutual recognition of certification of each other's mechanical and electronic products. In addition, the Parties should encourage exchanges between officials and experts in certification, accreditation/compliance assessment and standardization; and

- consider working towards concluding a Mutual Recognition Agreement on Mechanical and Electronic Products on the basis of the earlier work done by the bilateral Joint Group for Certificationof Mechanical and Electronic Products.

Work and Business Visas

The Parties will endeavour to simplify application procedures for business visas, shorten processing times and, to the greatest extent, facilitate personnel engaged in normal business activities, ensuring that delegations and individuals are able to meet their schedules. At the same time, each Party shouldfacilitate provision of long-term work visas for business people carrying out long-term commercial activities in the other country.

The Parties will enhance information exchange and counselling and explore possible measures to facilitate issuance of visas, in particular for firms and organizations of major commercial interest to both Australia and China.

Industry Consultations

The Parties recognise the valuable contribution that industry and business groups, including bilateral chambers of commerce, make to strengthening bilateral trade and investment relations.

To enhance the role that such groups can play in supporting Australia-China business links, including through dialogue with Governments, the Parties will make efforts to enable these groups in a timely way to be legally registered and accredited in each of their respective locations.

Anti-dumping

The Parties will set up bilateral government mechanisms for anti-dumping notification and consultation, resolve differences through dialogue and consultation and, to the maximum extent, reduce the impact of anti-dumping actions on normal trade.

Export Controls and Cooperation with the Australia Group (AG)

Relevant Chinese agencies hope to strengthen their communications and contacts with the Australia Group.

The Ministry of Commerce (MOFCOM), as China's executive body in this respect, hopes to establish counterpart relations with Australia's export control departments, and strengthen communications and cooperation.

The Parties will enhance dialogue in the field of export controls and treat each other fairly.

Annex II

The joint feasibility study into a bilateral Free Trade Agreement negotiation will be conducted with the following terms of reference:

- to provide an overview of recent trends in bilateral trade and economic relations;

- to assess recent international trade policy developments and the possible implications for Australia-China trade and investment;

- to identify and describe existing barriers to trade and investment flows, covering goods, services and investment and other issues that might be addressed in a free trade agreement;

- to identify possible cooperation measures to promote trade and investment liberalisation and facilitation between Australia and China;

- to assess the impact of the removal and/or reduction of existing barriers to goods and services trade and investment; and

- make conclusions and recommendations as regards options for future action.