



**THE HON DR CRAIG EMERSON MP**  
MINISTER FOR TRADE

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ABC NewsRadio Drive with Steve Chase  
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**STEVE CHASE:** Today, it's Holden which has confirmed 100 jobs will be axed from its Adelaide plant, while defence manufacturer Thales is shedding 50 jobs – one-fifth of its workforce – in Central Victoria. At the same time, the Federal Government is still spruiking the strength of the Australian economy. Figures out today show the country has just recorded its tenth consecutive trade surplus in December, bringing Australia's annual export value for the calendar year to \$313 billion. Let's discuss now the figures and the broader Australian economy. We're joined by the Federal Trade Minister, Craig Emerson. Thanks for joining us.

**CRAIG EMERSON:** A pleasure, Steve.

**CHASE:** When it comes to the economy, will voters do you think be impressed by the trade surplus or concerned about more job cuts?

**EMERSON:** Oh of course, people are concerned about job cuts and the most concerned are those who are disadvantaged by it, who lose their jobs. We understand that and it's really the product overwhelmingly of a very strong Australian dollar, and if you ask the auto-industry they'll tell you that. In a strange way, it's a vote of confidence in the Australian economy, as investors are coming and putting their investment dollars in Australia.

There's \$450 billion worth of investment in the pipeline, but that itself drives up the value of the dollar, that affects the competitiveness of our export-oriented industries that are not in the pathway, such as manufacturing, and then we see the job consequences.

CHASE: But it's a difficult balancing act for the Government because there's very... well, you can do some things, but there's very little you can do to interfere with the commercial decisions of companies to axe jobs.

EMERSON: And there's very little that you can do to interfere with the value of the dollar. We floated that way back in 1983 and that is what is creating real challenges for our manufacturing sector. But as a strategy, we're working on a high skill, high wage economy. We can't compete – and shouldn't try to compete – on the basis of low wages, but that means supporting innovation in this country. The auto industry is a good innovator, but our industry is not alone in the pressure that it faces. I've just been overseas for Trade Ministers' talks and Brazil is under very, very similar pressure and they're very worried about the impact of their high exchange rate on their manufacturing sector. The fact that we're not alone doesn't make it any better, but we just do want to support our manufacturing industry by supporting innovation and skills development.

CHASE: In some ways it's a very odd position for Australia to be in because we're told anecdotally that every time the dollar goes up it's bad for export industries, such as the auto manufacturing sector and we're seeing the consequences of that. But, in your assessment, why are the trade figures so strong?

EMERSON: Well, we are in the right place in the right time, in the Asian region in the Asian century. And as a result of 25 years of good policy work initiated by the Hawke Government in integrating ourselves with the fastest-growing region on Earth, we've been very successful in meeting the minerals and energy security needs of China in particular, and other parts of the region as well. So we are seen as a very reliable supplier and that's why we're getting such good export figures. As you said in your introduction, \$313 billion for the

last calendar year – a record, in fact the first time it's ever exceeded \$300 billion, and a record for a calendar year. It's the same thing for the actual trade surplus. So they're good figures but, yes, in the economy everything is linked with everything else and as this success comes through it actually drives up the value of the dollar. In addition to that, people are looking to Australia as a way of investing in China, and they're making their investments here because we know that they know that we are integrating with the Asian region. We want to strengthen that even further through Julia Gillard's Asian Century White Paper exercise.

CHASE: Getting back to the jobs issue – you obviously travel a lot being the Trade Minister – what other countries are you taking a leaf out of their book when it comes to at times...when they've got a strong economy? There's not very many of them in the world of course. Do you invest in creating jobs or creating conditions to create jobs? It's a balancing act for you, isn't it?

EMERSON: Well, in fact, other countries are taking a leaf out of our book. And in fact we are investing heavily in supporting innovation and in supporting skills development. We actually have skills shortages in this country, which is why you see 457 visas and so on. We have got an unemployment rate which is very low by international standards, but that doesn't mean that people don't lose their jobs. We are at just over five per cent, in Europe in some cases it's over 20 per cent the unemployment rate. So in terms of models, other countries are actually looking to us, but that doesn't mean that we've got everything coming along perfectly – the causes of this problem you and I are just discussing now.

CHASE: On a political level, you've got a hard 12 months, some would argue a hard 24 months, ahead. Would it be fair for me to say this: in places like Bendigo where 50 jobs have just gone, it's a Labor electorate, and people aren't going to be impressed by the sophisticated arguments perhaps that you're putting forward here. They're just knowing that their jobs are going to be lost and they're not going to thank you for the fact that other countries are looking at us as a way to solve their economic problems. They're just going to be

worried about their jobs, and that's going to cause you some political heartache, isn't it?

EMERSON: Well, I think that's a fair point. It's of no comfort to people in Bendigo that we're doing better than other countries. But what they do know, for example, is that we are investing in the automotive industry. There's an alternative and that is the one presented by Mr Abbott, who would take a half a billion dollars out of investment in the auto industry, so they're the sorts of choices that people face. That is, there's a government that's committed to doing everything it can to boost the competitiveness of our manufacturing industry. Our workers do work hard, they're diligent, they're productive, they're just getting hammered by this high dollar. And the policy response from the Opposition, which is to acknowledge that the manufacturing sector is under pressure from the high dollar and to respond by cutting half a billion dollars of investment support out.

CHASE: Craig Emerson, time has beaten us, but we thank you for talking to us today.

EMERSON: Thanks for the opportunity, Steve. Thank you.

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