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MINISTER FOR TRADE

Transcript
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RISHAAD SALAMAT: I'm joined by Australia's Minister for Trade. He's Craig Emerson and he's in the capital, Canberra. Craig Emerson, thank you very much indeed for joining us. First of all, this just tends to reflect what's going on and as far as the economy goes over there. So it should be reflected in some pretty positive growth numbers when we get them.

CRAIG EMERSON: The trade figures are very, very good. Exports have exceeded \$300 billion for the first time in any calendar year, so that's a record. The trade surplus for 2011 is just over \$19 billion. That too is a record for a calendar year and it's clear that this is being driven by Australia's economic engagement with the Asian region in the Asian century. We want to build on that through a White Paper exercise to more effectively, more deeply, integrate Australia into the Asian region, which as we know is the fastest growing on Earth.

SALAMAT: Which brings me on to, well, you know, the economy itself, because of course you are exporting all of these base materials. It's ended up with this two-speed economy. What do you make of that?

EMERSON: There's always been a two-speed economy in Australia, it's just the difference in speeds and the different sectors. In this case – being a mining-led economic growth story, with manufacturing obviously under pressure from an Australian dollar that is above parity with the United States dollar – this itself is a vote of confidence in the strength of the Australian economy and it's fair to say that the Australian economy is the best performing in the developed world. But because of that high dollar, parts of the Australian economy are feeling competitive pressure, despite their best efforts and their productivity. So what we're doing is spreading the benefits of the mining boom through a profits-related mining tax to reduce the company tax rate by a bit, and also to provide extra small business tax breaks. So we think this is a very big investment in Australia's future by including in those sectors of the economy that are actually being hindered by the very good export performance and the high Australian dollar.

SALAMAT: Just tell us a little bit about the deal that Lynas got the permit for today in Malaysia, the setting up of a rare earths refinery over there. Now, this is coming against a free trade agreement with Malaysia. Where are you with this, and how much do you expect total trade with Malaysia to increase?

EMERSON: The Lynas project is of course not subject to the free trade agreement negotiations, and I know you're not suggesting it is. It has now been thoroughly assessed by the relevant independent authorities in Malaysia and has been given the go-ahead, subject of course to the strictest environmental safeguards. So that's a major new investment from Australia into Malaysia, part of that economic integration story that I was just describing. In respect of the free trade agreement negotiations, I've just come back from Malaysia and working with my counterpart and good friend, the Malaysian Trade Minister Mustapa, we're now aiming to complete the negotiations in March of this year. Thereafter there would be – subject to the successful completion of those negotiations – some scrubbing of the text to make sure it's all sound in legal terms, and then we're aiming for a signed agreement in around May of this year.

SALAMAT: We can look forward to that in May hopefully then. Craig Emerson, what about other countries in Asia as well – are you

looking to them for similar kind of agreements? And if so, who?

EMERSON: Yes, we are. We're in negotiation with China – actually China has suggested that we accelerate the negotiations, which is good news because we do want to proceed at a rapid pace with those negotiations. They have been going on since 2005, so we welcome that indication from China that it would like to accelerate the free trade agreement negotiations. With Japan, we're getting a similar message actually from the Japanese Government, but of course agriculture is a big issue in Japan and in the negotiations themselves. We're working through the Trans Pacific Partnership of nine APEC economies, and we hope that there will be something substantial – not a finalised agreement, but substantial – by around July of this year. And all of this builds on top of a gold standard agreement that Australia and New Zealand have negotiated with the ASEAN countries: the ASEAN Australia New Zealand Free Trade Agreement, which with Indonesia's ratification, is fully in force now. So these are all good examples of this great endeavour of Australia to integrate itself more completely into the Asian region.

SALAMAT: Minister, you were in Davos last week. Can you tell me what the mood was like? And do you have serious concerns about the European economy? And if so, does it then perhaps remove the veneer of Chinese reliance being... of course, Europe being its biggest trading partner?

EMERSON: In terms of the European economy, of course there are real concerns there, but the authorities and governments within Europe are seeking to deal with that. It is one reason we have been so deliberate over 25 years here in Australia to integrate our economy with the Asian region in the Asian century. There was a lot of forethought and planning that went into this – it was not just a matter of good luck. In terms of the multilateral trade negotiations, Australia has been advocating for some time, particularly late last year in Geneva, a new pathway given that the present pathway is blocked – and we should know whether it's blocked or not, given we've been treading that pathway for ten years and has yielded no results. This new pathway of looking at any and every possibility of breaking up the round to its component parts is

getting good support. It did in Geneva at a meeting of 153 economies late last year. And while we were at Davos there were 20 trade ministers who got together and the overwhelming sense is that we need to map out a new pathway, break the round into its component parts, stop all these cross-linkages that have actually created this logjam or impasse and get on and achieve some results, build some confidence. And I think that once we do that, having built that confidence, some of the difficult issues may actually appear to be not quite as difficult as they are at present when we've just got this enormous logjam.

SALAMAT:

Thank you so much for joining us, Minister.

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