



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

Transcript
2GB with Ross Greenwood
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GREENWOOD: Welcome back to Money News. Of course plenty happening in politics right now. And certainly Australia at the forefront internationally with the G20 summit taking place in Seoul in Korea, where you've got the Prime Minister Julia Gillard, and also the Deputy Prime Minister Wayne Swan, the Treasurer, there as well. And, also today, back from another round of trade negotiations, which have taken place, is the Trade Minister Craig Emerson, who joins me now. Hello Craig.

EMERSON: G'day Ross.

GREENWOOD: The recent negotiations, APEC, in Japan this week, of course. What was that all about?

EMERSON: Well, APEC was actually formed at the initiative of Australia way back in 1989 by Bob Hawke. And I was there at the birth of APEC. So, it's great now to be there as Trade Minister. And it really is a forum of 21 different economies who are like-minded in seeking to liberalise trade. That is, open up each other's economies to trade. And while it's not a formal negotiation, it's an understanding that we need to press on with opening up our borders. There was a report, Ross, by Australia on what we've done since 1994 when there was a declaration that we should move to free and open trade, and Australia has done especially well amongst the APEC economies in opening our borders up to trade.

GREENWOOD: Well, I guess this is the real issue. Australia has done very well but whether in fact there's the willingness of those nations we trade with to do similarly. I guess one wonders whether, in fact, Australia is disadvantaged by being ahead of the pack.

EMERSON: Well, I had a good look at the report that was prepared. And, interestingly, I think we've gone down from an average tariff rate of seven per cent in 1996 to three and a half per cent in 2009. And while the other countries are sort of about 14 per cent, and a little ... somewhat less than that, they're not up in the 50, 60 and 70 per cent that I think most Australians would believe to be the case. They have actually been opening up their borders, as well, to trade. And, in any event, much of the strength of our economy through this deep global recession is attributable to the fact that we are an open, competitive trading nation. Our businesses are used to the harsh winds of competition. And that has held us in good stead during these very difficult economic times with, well, 350,000 jobs being created in one year when millions of jobs were being lost in the United States and Europe. So, more trade means more jobs.

GREENWOOD: I guess that may be true but the only thing about it would be that during that period of time we've probably lost a good rump of our manufacturing industries. Pretty hard to make a sock, a shoe or a suit in Australia these days, certainly against Asian imported competition and certainly while tariffs are where they are as well. I mean, it's still one of these things where Australia presses on. But many Australians, I think broadly, don't really understand where they get a benefit from this. They feel as though they're losing jobs as distinct from necessarily gaining jobs.

EMERSON: Well, two benefits arise from our attitude to trade as an open trading nation. One is it's good for our exporters to get access to overseas markets and that has been happening. And I know there's a popular perception that the trade barriers in our region are very high. In fact, they're not. But, secondly, consumers vote with their wallets and they do buy cheaper imports, less expensive imports such as socks and singlets. If we tried to produce those here in Australia, Ross, we'd have to do so behind very, very high tariff barriers which would mean the cost of those singlets and tee-shirts would be much higher. So it's actually very important for consumers in containing these cost of living pressures that we are able to import into Australia those goods that can be produced more cheaply overseas than they can in Australia, allowing us to concentrate on jobs that are offering high skills and high wages. That's the future for Australia: a high-skill, high-wage nation, not as a low-skill, low-wage nation. And who, in Australia, would really want to be competing with some of the poorer Asian countries on wage rates. We don't want to be in a race to the bottom. We want to be in a race to the top.

GREENWOOD: Really interesting point, of course. The Prime Minister, while away with Wayne Swan in Seoul, in South Korea, has indicated a free trade agreement with the Koreans is very much on the cards. But it's not obviously universally-popular, not even within your own party as well. I'll just play a quick grab from yesterday we played, from Senator Doug Cameron.

[File excerpt]

CAMERON: When I think about free trade and former Governments I think about the US Free Trade Agreement which has been a lemon. And, you know, really I am a bit of a cynic in terms of some of the goals that the Free Trade Agreements are supposed to meet, some of the econometric modelling that underpins these Free Trade Agreements. I've asked the Treasury at last Estimates to give me some advice in relation to the benefits that the Free Trade Agreements have given Australia, or the negatives in terms of economic performance. So I'm not quite sure that some of the over-egged claims on Free Trade Agreements actually come true.

[End excerpt]

GREENWOOD: Yeah, with friends like that, Craig Emerson?

EMERSON: Well, some of what Doug says I actually agree with. One is all this fancy econometric modelling about what might or might not be in a Free Trade Agreement is pie in the sky, in my view. It's really what the content of the negotiated agreement is that counts. And, in respect of the proposed Free Trade Agreement with Korea, this is incredibly important for our agricultural producers, our beef producers in particular. And if we ask our beef producers, they won't be wanting any econometric models. What they'll want is ongoing access to the Korean beef market. Now, our big competitors there are the United States. They are looking to conclude a Free Trade Agreement with Korea and our beef producers would expect us to do the same, and that's what we're pressing head in seeking to complete.

GREENWOOD: Just a really important thing here as well, is I notice as we are negotiating with Korea about this, that they're in fact starting to cut coal imports from Australia as well. Is that an important part of this also? Because Korea - as many people may not realise - it's not China, which takes barely no coal from us. But it's obviously Japan and Korea that take the bulk of Australia's coal.

EMERSON: Look, what we've always done in our negotiations, Ross, is sought an opportunity to compete, not privileged access to markets. And if our coal producers, our agricultural producers can compete, we want the doors to be open to allow them to compete. But we're not asking for Korea or anyone else to buy products at higher cost from Australia than from other countries.

We're pretty confident in our ability to compete in natural resources, agricultural products and, increasingly, in services. Which will be very important if we are able to conclude this agreement with Korea sooner rather than later. Because our big service industries are wanting to get into the Korean market as well. And that's really good again, Ross, for high-skill, high-wage jobs.

GREENWOOD: I noticed also Craig Emerson that the great Labor Party strategist and thinker, Graham Richardson, is questioning the Prime Minister's political judgement right now. And says she's got to come up with a policy fast and start to actually represent that policy and that philosophy. How do you think her political judgement is going?

EMERSON: Well, what I think Julia is doing is working incredibly hard in locking in prosperity in this country through this approach to trade. And she has been doing a fair bit of travelling and I say that in the most positive way because she's engaging with our region. We are in the G20. That's a very important group of countries around the world. As you indicated in - I think in your introduction - Julia will go then straight on to Yokohama to APEC where we've got 21 of the most vibrant economies in the world. So she's doing her best for Australia, for Australian jobs, high quality jobs. And so I think the policies will speak for themselves and the politics will follow. My own view might be an old-fashioned view, Ross, but good policy equals good politics.

GREENWOOD: Good on you. Trade Minister Craig Emerson, we always appreciate your time here on Money News. Many thanks for joining us.

EMERSON: Thanks a lot Ross.

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