



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

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MICHAEL ROWLAND: The Prime Minister Julia Gillard says Australian businesses will benefit from a free trade agreement in the Pacific. Leaders of nine of APEC's 21 member countries, including Australia and the US, yesterday agreed on a framework to scrap tariffs and other trade barriers.

VIRGINIA TRIOLI: Federal Trade Minister Craig Emerson has been at the meeting, and he joins us on the phone now from Hawaii to talk us through the deal.

Craig Emerson, good morning and thanks for joining us.

CRAIG EMERSON: My pleasure Virginia.

TRIOLI: So how was the deal done?

EMERSON: Well the deal is still being done. And that means that we're working towards a trade deal with those nine countries which would involve at least one quarter of the world's GDP, and if Japan were to come in, more than a third of the world's GDP. And this area is the fastest-growing region on earth. And what we're seeking is better access for our exporters to export markets, and that's what the TPP holds in prospect.

TRIOLI: Is there still a question mark over whether Japan will join?

EMERSON: There is. And Japan's indicated an interest and countries have welcomed that interest, but it will need to go through its own processes, and countries will need to go through their processes. It would be a big boost to have the world's third-largest economy in the Trans-Pacific Partnership; at the same time we don't want to either slow down the negotiations or lower the level of ambition for this trade deal. So all of that will be taken into account, but we have welcomed the interest that has been shown by Japan in joining the pack.

TRIOLI: What do you argue is the advantage for Australian businesses and manufacturing in particular?

EMERSON:

Better access to markets. We are a great trading nation. We have shown over the last 20 years that by opening up our economy we've been able to achieve two decades of recession-free economic growth. And we've already done a lot of the heavy lifting - almost all of the heavy lifting - that needs to be done in terms of reducing our own trade barriers. Other countries have been doing that as well, Virginia, through APEC. But this sub-grouping of nine countries can do more in terms of opening up their markets to Australian exporters, whether they be manufacturers; whether they be in food processing; whether they be our farmers; or, also importantly, our many services exporters who could conceivably be operating on the National Broadband Network in regional Australia, exporting into the fastest-growing region on earth.

TRIOLI:

So what assurances then can you give people such as Labor Senator Doug Cameron, who are concerned that such deals as this will lead to industry and job losses here; that actually we won't be able to compete; we'll actually be excluded simply by the force of other countries such as Japan and the US?

EMERSON:

Well, obviously we will pursue an agreement in Australia's national interest. And that's well understood by each and every one of the Trans-Pacific parties. And in terms of our own

markets, we have over the last 25 years gradually reduced our tariffs to the point where they are basically at 5 per cent or zero - a little higher for textiles, clothing and footwear, but they're heading to 5 per cent by 2015. So we've done almost all of the heavy lifting that needs to be done on our account, and it's now time for other countries to reciprocate. They have been doing so, but the truth is there's more potential for countries to open up their markets to Australia's exporters. That's got to be good news: it's more income and more jobs for working Australians.

TRIOLI:

Why was China excluded?

EMERSON:

Well, no-one has actually been excluded. We are in a situation where nine like-minded countries have gotten together. And others have now expressed an interest: and they are Japan, obviously; Mexico is expressing an interest; Canada has expressed an interest. China hasn't expressed an interest at this point.

TRIOLI:

Well, no, just to jump in there Craig Emerson: China's actually criticised this grouping and said that the group is actually going to lack heft without China being there. Do you agree?

EMERSON:

I think our grouping comprises more than one-third of the world's gross domestic product. It is

a big grouping. But ultimately what we're seeking to do here is to extend this - and it will take some considerable time - to a free trade area of the Asia-Pacific. This is the ultimate goal of APEC, where the Prime Minister is meeting again today to achieve a big trade area of all of those APEC countries, which includes China. And if China or any other country is keen on opening up its markets, that's good news for Australia.

We're also pursuing matters bilaterally with China. They're our biggest export market and our biggest services export market in 2010. So we already enjoy a very productive relationship with China. And those exports mean more jobs for working Australians, whether they be farmers, small business owners or workers in our manufacturing and service industries.

TRIOLI:

Craig Emerson, we'll leave it there. Thanks for joining us by phone. Thank you.

EMERSON:

Thanks a lot Virginia.