



## **The Hon Craig Emerson MP Minister for Trade**

### **Speech to AusCham Hanoi**

**Hanoi, Vietnam**

**13 December 2011**

Thank you Ambassador. And if I could recognise Dr Khang: thank you very much for being such a wonderful host. He came to the airport last night; he's been with us all day; and is with us this evening. It's another example of the friendship between our two countries.

It is true that we went jogging this morning - and thank goodness for Google Maps! It is available on your iPhone if ever you need it. And certainly if ever we needed it, it was this morning.

We actually ran from the Hilton Hotel to the lake, then we ran from the lake to the Hilton Hotel - or so we thought.

After about probably 25 minutes of running back from the lake to the Hilton Hotel, Simon, my Chief of Staff, said: "Isn't that the lake?". That's when we knew it was important to get the Google Maps tracking facility going.

This is my first trip to Vietnam as Australia's Trade Minister, but not my first trip to this wonderfully beautiful country.

As has been indicated a little earlier, I came here in January with our 18-year-old son Tom as tourists.

Being here again has brought back memories of the majestic Ha Long Bay and the cheeky residents of Monkey Island, just near Nha Trang.

And I've decided this time to do my best to dodge motorbikes and not get on one as we did last time, with quite a few hair-raising moments in the villages around Nha Trang and the Mekong Delta.

But as beautiful as your landscapes here in Vietnam are, it is the beautiful people who really make a country - and I've always found the Vietnamese people to be very open and warm.

Even to the point, I might add, in one of the villages on Ben Tre, where my son wondered why the petrol gauge on his motorbike continued to show empty. He thought it was broken.

He checked with his dad, and I had another possible explanation: that there was no petrol. That, as usual, proved to be right.

We ran out of petrol, and we found a little boy and his parents. And the little boy got on his pushbike and rode about one kilometre with a plastic bag, and came back with a plastic bag full of petrol.

And on we went - as you do.

It's also clear that the history of Vietnam shows that the Vietnamese people are very hard-working and very, very determined indeed.

We have, of course, in Australia, first-, second-, and third-generation Vietnamese people, who bring to our country enterprise and innovation, not to mention the magnificent food that enriches the tapestry of our multicultural society.

But it is the Vietnamese desire to succeed that brings us together tonight to talk about a flourishing trade and investment relationship, and a future full of opportunity and promise for businesspeople and investors from both our countries.

Vietnam is a very young country demographically, so it has youth on its side - which is a real asset in this 21st Century.

It is also a country in transition.

Bold economic reforms implemented from 25 years ago, since the decision of the Sixth Party Congress to open up Vietnam's economy and allow private enterprise, have transformed the country.

Since 1990, gross domestic product has grown 16-fold. It's amazing isn't it: in about 20 years an economy this size has grown 16-fold!

Even since the year 2000 it has tripled in size.

In the process, Vietnam has become the sixth-largest economy in ASEAN, growing at an average of 7 per cent a year since 2005.

And reform has driven economic diversification here in Vietnam.

In 1990, nearly 40 per cent of Vietnam's GDP came from agriculture.

Now, that figure is down to about 20 per cent, while manufacturing's share has doubled to about 40 per cent.

If the retreat of poverty is any marker, then doi moi - or the renovation - has profoundly rebalanced Vietnamese society: from 58 per cent in 1993, just 12 per cent of the population was living in poverty in 2009.

So this is a great story of poverty alleviation in the country of Vietnam.

But, of course, if there was ever a test of how far Vietnam had come, it was during the global financial crisis.

The fact is that Vietnam came through that global financial crisis pretty well - a lot better than countries of Europe and North America.

In Australia, we're very conscious of the change taking place here in Vietnam, and the country's vast potential.

I have often in the past year, when asked about trade and investment priorities for our country, answered in a way that might not be politically astute - but it's true.

And that is to identify seven countries with which I think Australia should really pay great attention and devote great effort for closer economic integration.

One of those countries is Vietnam, and that's why I'm so pleased to be here today and to see you here tonight.

Our trade relationship is flourishing and of course along with it our friendship. This is a great time to be engaging in Asia, in this the Asian Century.

And through our Comprehensive Partnership, developing our relationship on all levels - in trade and economic development, defence and security, and on the global and regional stages - makes all of this possible.

In Australia, the last 25 years have been pretty important for us, too. We didn't have doi moi.

But we did have Bob Hawke. We didn't call him doi moi, but we probably should have.

In 1986, when I did join Bob's staff as an economic adviser, Australia was still living with the legacy of decades of closed-shop protectionism.

In the period before the federation of Australia in 1901, government decision-makers had laboured long under the misconception that we needed to insulate our industries from competition.

They thought international competition was bad for Australia and a threat to Australian jobs.

But from the mid-1980s, Prime Minister Hawke and Treasurer Paul Keating fundamentally transformed the Australian economy.

They opened up the economy to competition from overseas, by floating the dollar, deregulating the financial sector, and over time dismantling high trade barriers, while enmeshing our economy with the Asian region.

Australia's economic reforms have not just been textbook reforms: they have actually delivered 20 years of strong recession-free economic growth in our country.

And we were able, in large part because of that creating of an open economy, to avoid recession when most developed countries fell into recession.

We also implemented a timely fiscal stimulus package similar to what happened in Vietnam.

But we have proceeded with a fiscal consolidation, such that we will get our Budget back to surplus in 2012-13, taking the pressure off monetary policy and allowing our central bank to reduce interest rates - which it's done twice, in November and December - and create the room for a massive investment pipeline of \$450 billion.

So, that's why we thought we needed to step back in the government sector and allow room for the private sector to step in and to allow the Reserve Bank, our central bank, to reduce interest rates.

Just as Vietnam has shown the importance of both domestic economic reform and engagement with the global system, we know in Australia how economic reform and trade reform are actually indivisible parts of the one.

Given increasing competition, economic shocks and rapidly evolving supply chain patterns, past performance is not an automatic guarantee of future success.

So I'm flying to Geneva tonight to take part in the 8th World Trade Organization Ministerial Conference.

It is crucial when we get there that we do everything we can to chart a new pathway for global trade liberalisation; to keep the Doha Round alive by breaking it up into its constituent parts and bringing them home as they are ready to be brought home, rather than waiting for one big grand bargain that has eluded negotiators for 10 long years.

So that's what we'll be advocating.

We'll also be advocating that during that period, while we try to bring home different components of the Doha Round, that there be no succumbing to protectionist pressures in our countries - a standstill while that happens.

And also a commitment to the 48 least developed countries around the world that we will have open markets so that they, too, can lift their people out of poverty.

These are the three components of the Australian new pathway plan that I've developed with Prime Minister Gillard.

I hope that we will see some signs of WTO Members taking on that new pathway to global trade liberalisation.

We need to keep up our reforms, and we need to keep fighting protectionism. But it's true that in the current, very volatile global economic situation, implementing ongoing reform is going to be challenging for Vietnam, just as it will be in Australia.

And we will continue to engage with Vietnam on these issues, including through JTECC, the Beyond WTO program and in another exercise that offers great potential for our countries: and that's the Trans-Pacific Partnership, currently involving nine countries.

Three more want to join.

If they do eventually join - and that includes the third-biggest economy on earth, Japan - then we'll have 37 per cent of global economic output - which is a big grouping.

So we're very keen on that. And we know that Vietnam is putting an enormous effort into the Trans-Pacific Partnership as well.

As our trade relationship grows, we'd like it to see it diversify - and there are good signs of diversification.

Wheat, copper and gold are all among Australia's main exports to Vietnam, while Vietnam ships crude petroleum, phone parts and furniture to Australia.

But services are an increasingly important part of our trade relationship.

More than 25,000 Vietnamese students are enrolled in Australian educational institutions, including those here in Vietnam.

That's why it was great to see the Box Hill Institute of TAFE being so successful here in Vietnam, through the ceremony tonight.

Or the Melbourne Institute of Technology, universities in Queensland, the Australian National University - all examples of how we are creating through these education exchanges 1,000s upon 1,000 of ambassadors for our two countries.

Because there is no doubt that when people stay and live in each other's countries they become champions; they have fond memories, and they become ambassadors for this country and for Australia.

And that's why I think this is probably the most important thing that we can do to strengthen our friendship and, in time, obviously our economic relationship.

More than 6,000 students are now enrolled in courses, and scholarships worth more than \$5 million have been awarded.

We are delighted to see the witnessing of the Box Hill Institute of TAFE and Know One Teach One alliance here tonight.

In financial services, the ANZ Bank is represented here tonight - one of the Australian banks that is really succeeding here in Vietnam. I want to commend the financial sector and ANZ for the work that it's doing.

In manufacturing - we're told back in our country manufacturing is finished. Well, I've got good news: and that is that manufacturing is not finished.

Strategic Marine, an international shipbuilding company specialising in aluminium and steel construction, has been here since 2007.

And Midway Metals is a leading Australian stainless steel product manufacturer, and I acknowledge Anthony Jolly here tonight. It is exporting to Malaysia, New Zealand, China, the Netherlands, Japan and South Africa from its base here in Vietnam.

There will be obviously more examples of companies from our two countries working with each other in the coming years, particularly if we keep up the great task of opening up our economies and encouraging other economies to open up theirs through global and regional trade agreements.

Let me finish by just making this observation: Prime Minister Gillard has put great store in launching an Asian Century White Paper, Australia in the Asian Century.

I do look back fondly on my time with Bob Hawke, who understood that there were marvellous opportunities to position Australia, all that time ago in the mid-1980s, in what he understood with Professor Ross Garnaut, my thesis supervisor at the ANU, would be the Asian Century, the 21st Century.

So this is visionary leadership. And as a result of this visionary leadership, here we are enjoying a strong relationship between our two countries.

Prime Minister Gillard wants to open up a new chapter in that relationship through the Asian Century White Paper exercise, designed to find new ways of strengthening economic integration between our countries - that is, Australia and various countries of Asia.

And as I've indicated earlier, we see Vietnam as being very, very high on that priority list.

We'll work very hard to make sure that we clear the pathway so that you as businesspeople can, with confidence, clear of unnecessary impediments, make the decisions to trade and invest, further strengthening our economic integration and the wonderful and strong friendship between our two countries.

Thank you very much.