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Transcript
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Subjects: Trade policy review, economic reform.

LYNDAL CURTIS: Craig Emerson, welcome to News 24.

CRAIG EMERSON: Thanks Lyndal.

CURTIS: You're re-establishing what has been a preference under the Hawke-Keating government towards multilateral trade. Why are you taking this step?

EMERSON: It's important to reconnect with the Hawke-Keating philosophy of creating an open, competitive economy. Because that in itself, that whole endeavour of creating an open, competitive economy, has laid the foundations for 20 years of sustained economic growth in this country and sustained job creation. The great thing about trade is that people who are involved in exporting tend to get paid a lot more than those who aren't, so it is really a pathway to a high-skilled, high-wage future for working Australians. So the multilateral scheme offers the benefit in that, as, actually, Peter Corish, then head of the National Farmers' Federation once put it, under the multilateral scheme you get 144 free trade agreements - that is, with all of the countries of the World Trade Organization - rather than

having to negotiate 144 different agreements. Now there are 153 members, so the argument is even stronger.

CURTIS: You say you are pressing ahead with what are high-quality, truly-liberalising bilateral regional agreements if you can't get multilateral agreements. Have there been agreements in the past that have not been high-quality? Why the stress on that?

EMERSON: We just don't want to collect ornaments for the national mantelpiece; say 'oh, it's a free trade agreement' when it is nothing of the sort. And the downside with negotiating low-quality ones is that it almost legitimises other countries having high trade barriers. Because you've done a deal with them; it hasn't really reduced the trade barriers - you've pretending it has, called it a free trade agreement - and essentially you're saying to the other country 'that's OK to keep some of our goods and services out'. Well, it's not. Not only are we keen on creating for Australia and building on the open competitive economy, we want access to overseas markets for our exporters: of agricultural products, manufactured goods and services.

CURTIS: You say foreign policy concerns won't override trade policy concerns. Does this mean you're happy to do a deal with any country regardless of things like its human rights policies, whether it oppresses its citizens or not? That doesn't matter any more?

EMERSON: What we're saying is that we are happy to do a deal that is in Australia's national interest. And it's not really a matter of saying 'you're our friends and you're not so friendly with us', so we might have arrangements that might discriminate against countries, while other countries are preferred. That's really the point. And it's true that if you create these discriminatory trading blocs, it breeds resentment, because you can be in one club and not in another club. Of course foreign policy considerations are relevant, but they shouldn't override. And our view is that you have trade agreements with countries who are genuinely interested in liberalising. And insofar as environmental and industrial relations standards are concerned, of course if we can help support lifting those standards, that's a good thing.

CURTIS: But you might come into conflict with, say, particularly the Greens, who have qualms about Australia doing deals with countries who have poor human right records.

EMERSON: Well, I've talked to the trade union movement about this and their view, which I share, is that if you have provisions in agreements that encourage and support freedom of association, support lifting environmental standards, that's a good thing. And through the trade deal itself, by increasing the prosperity of that country, the country itself is more likely to be able to afford reasonable environmental protection. So, that's the way I see this being played out. And I must say that you wouldn't say that we must not trade with any country that has a lesser environment than Australia. Well, that would wipe out about 99 per cent of our trade. Similarly, you can't be in a situation where you say, 'unless other countries have the Fair Work Act we won't trade with them'. Well, that again knocks out a very large part of our trading relationships. So what we need to do is be encouraging of lifting environmental standards and industrial relations standards.

CURTIS: One of things Australia has been accused in the past of using effectively as a protectionist barrier is its quarantine system. Do you foreshadow any changes under this new policy?

EMERSON: We are absolutely committed to a high-quality quarantine system for this country. One of the great strengths of Australian agriculture is keeping out diseases and pests. We are absolutely committed to sustaining those arrangements. What we are saying, however, is that you wouldn't want to be using quarantine provisions as a backdoor protectionism – of keeping out competition. We want to keep out pests and diseases but we are not saying that Australia can't handle competition. Of course, in creating an open and competitive economy you are saying that our businesses are up to competing with other countries.

CURTIS: You are part of the Cabinet that is in the process of considering the Budget. As Trade Minister, do you have any figures on how much the high dollar, which is looking like continuing to be high, is affecting the revenue getting in ...the export performance of Australia?

EMERSON: No, that's really in the Treasurer's province, but you're right that the high dollar is making it more difficult for our exporters. The bidding for workers and contractors from the mining industry is drawing resources away and increasing costs for our non-mining exporters. We understand that, and that is fundamentally what this trade strategy is all about. If we can reduce costs through overall economic reform for those parts of the patchwork

economy that are not doing well, then we are improving their competitive prospects. That's the heart of this trade strategy: to be able to support those industries that aren't doing so well with the high dollar and with resources being bid away from them by doing whatever we can on the domestic economic reform front to cut their costs so that we can try to restore their competitiveness.

CURTIS: Finally, Julia Gillard has invoked several times the names of Bob Hawke and Paul Keating in describing Labor's economic reform record. You've done it again today, saying you're harking back to the policies of the Hawke and Keating governments. Is this some attempt by your Government to get some economic reform gloss from the good policies of the past because you don't have any of your own?

EMERSON: No. Nothing succeeds like success. And the fact is that now, certainly with the benefit of hindsight, all political parties and most economic commentators say that the Hawke-Keating reforms were essential in laying the foundations for 20 years of sustained economic growth. What we want to do is complete the reform process started by Hawke and Keating. Our argument is that there has been a period that Professor Ross Garnaut has described as "the great complacency" in economic policy, which really hit home around 2005. We're not complacent; we're going to push ahead with economic reform, because that's essential to locking in prosperity and creating the high-wage, high skills jobs that I was talking about a little earlier.

CURTIS: Craig Emerson, thanks very much for your time.

EMERSON: Thanks Lyndal.