



HD Free trade agreement: China-Australia deal to benefit farmers

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The free trade deal with **China** will be signed in Canberra this afternoon, after **China**'s president Xi Jinping's address to Federal Parliament. The FTA is expected to boost Australia's exports in the order of at least \$18 **billion** over the next decade.

ELEANOR HALL: The free trade deal with **China** will be signed in Canberra this afternoon, after president Xi Jinping's address to the Australian Parliament.

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Ahead of its official release, our political reporter Alexandra Kirk has found out more detail about what it will entail. She joins us now in Canberra.

Alex, what can you tell us?

ALEXANDRA KIRK: Well firstly, in 2006 there was a feasibility study done for the Federal Government which said that if a deal had been done then, it would have been worth \$US18 **billion** over a decade.

Now the Government believes that's now a very conservative estimate, because trade in that time has blossomed between Australia and **China**.

There's a much bigger middle class in **China**, and that is where the benefits will come from.

ELEANOR HALL: So do you have any indication on what sectors of the Australian economy will be the biggest beneficiaries of this deal?

ALEXANDRA KIRK: I understand that the services sector is seen as a very good deal for Australia. It's being touted as the best deal that **China**'s ever afforded a foreign country in a free trade deal. That's to do with services.

There'll be new access to Australian businesses in, for example, running private hospitals and nursing homes in **China** for the first time.

On this aspect, the Government believes that the sky is the limit because the services sector offers the biggest opportunity in **China** for its economic transformation, it's the biggest area for employment growth in **China**, and there's a potential there to provide both services and also build **China**'s services sector itself - so basically training the trainers.

The tourism operators also are being seen as big winners.

They'll be able to **buy** or renovate restaurants and hotels in **China**. They'll be able to operate as wholly-owned subsidiaries instead of having to be in partnership or in joint ventures.

And another area which is set to boom is Australian insurance providers are expected to get access to the lucrative third party insurance market in **China** for the first time.

ELEANOR HALL: Now Alex, what about agriculture? We've just heard the Prime Minister say that the deal we've got on **dairy** is at least as good as the deal that New Zealand did with the **Chinese** in its free trade agreement.

What can you tell us about that?

ALEXANDRA KIRK: Yes well, that has been basically the benchmark for Australian negotiators - that it has to be as good if not better than the deal that **China** did with New Zealand in 2008.

In horticulture, all tariffs are going to be eliminated, mostly within four years, so that covers fruit, vegetables, seafood, **wine** and nuts.

There's two notable exceptions - rice and sugar. They're not included in the free trade deal because they're seen as sensitive products in **China** and they weren't included in the New Zealand free trade deal either.

But there is a review mechanism, meaning that liberalising access for these two commodities can be revisited in three years.

There's also the touchy subject of foreign investment. There's substantial movement on this.

The threshold for screening by the Australian Foreign Investment Review **Board** will be quadrupled from the current level of \$248 **million** to \$1.087 **billion** for a private **Chinese company**.

And that's the same as under the free trade deals with the US, New Zealand, Japan and Korea.

But for state-owned **Chinese** enterprises investing in Australia, the threshold won't change, so that means that all foreign investment proposals by government-owned companies or entities will be scrutinised by the Foreign Investment Review **Board**.

And for agricultural land, it's going to be the same as the deal, the free trade deals that Australia has done recently with Japan and Korea.

So there's going to be greater scrutiny for agricultural land, which the Nationals will be happy about.

There'll be a \$15 **million** threshold for the purchase of Australian agricultural land, that's down from more than \$200 **million**, and there'll be a \$53 **million** threshold for buying Australian agribusiness.

In the **dairy**, sector, which is seen to be a big winner, the 10 to 20 per cent tariffs are going to be phased out over the next decade.

Infant formula - the tariff there is going to be phased out much more quickly, in four years.

That's broadly the same as New Zealand got but better, because for all but one **dairy** product, which is **milk** powder, there'll be no quotas.

So the tariffs will come down across the **board**, it won't be that there's a system where if you go beyond the quota then the tariffs get re-applied.

And for beef, tariffs of between 14 and 24 per cent are going to be phased out over nine years, which is the same as New Zealand.

And **wine**, 14 to 30 per cent tariffs currently, will go altogether within four years.

ELEANOR HALL: Alexandra Kirk, our political reporter there.

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