



HD Australia should be a supplier of premium products to **China**

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Agriculture Minister, Barnaby Joyce discusses Australia's trade relations with **China**.

EMMA ALBERICI, PRESENTER: In the past five years Australia's agricultural exports to **China** have more than doubled and are now worth \$7.3 **billion**.

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That figure has the potential to grow exponentially with a free trade agreement between Canberra and Beijing expected to be signed in November, when the **Chinese** president visits Australia for the G20 summit.

Agricultural producers will be the main winners from a **China** FTA. The Agriculture Minister, Barnaby Joyce, is in Beijing from where he joins us now.

Barnaby Joyce, welcome back to Lateline.

BARNABY JOYCE, AGRICULTURE MINISTER: Thanks, Emma. Thanks for having me on your show.

EMMA ALBERICI: You've been telling the **Chinese** that they have nothing to fear from Australia's agricultural exporters. Why did you need to give them those assurances?

BARNABY JOYCE: Well, Emma, for a long period of time Australia has been saying that they will be the food basket of Asia - and this is incorrect. It doesn't stand up to the scrutiny of even the most basic test.

We feed in Australia about 60 **million** people. Even if we double production to 120 **million** people, then where I was the other day at Habin: we wouldn't have the capacity to feed that province and our own nation with our current food production. If we double production we still can't feed half of Indonesia.

And we've got to dispense with this idea of the "food basket of Asia" because otherwise, every farmer in Indonesia, in **China**, in Vietnam, in the Philippines, gets this imminent sense that they're going to be swamped by Australian produce. And it's just not correct.

What I've seen, and I'm very happy about, is that we have seen the price at the farm gate in **China** and the price in the farm gate in Australia both increasing with our increase in trade. And this is a complementary relationship where people, as you see behind me, make their way into the middle class. Their expectation of what they eat and what they wear rises and our capacity to provide a premium product into a premium market increases.

EMMA ALBERICI: Your campaign material a year ago mentioned that Australia could be the food bowl to Asia. It was your own Government document saying that?

BARNABY JOYCE: Well, if it's my own Government document then the document's incorrect. I mean, I'm clearly saying that what we are going to be is the supplier of a premium product to a premium marketplace.

We will not be a threat to the **Chinese** farmers around Habin. We will not be a threat to the farmers in Sichuan. We will not be a threat to the farmers in Vietnam or Indonesia. We will be producing a product that works side by side with the increased consumption requirements of this part of the world, where people are marching by their tens of **millions** and hundreds of **millions** into the middle class.

I've seen, even went to dinner last night: the quality of food is increasing and the volume of quality food is increasing. Therefore our market is limited not by the size of **China** - it is immense. It's limited by our capacity and size in Australia.

EMMA ALBERICI: Talking about capacity: does agriculture in your view have the potential to be as big an industry for Australia as mining, for instance?

BARNABY JOYCE: Well, I don't know about that. But what I do know is, Emma: if we don't have something to buffer the downturn in some sectors of the mining industry which you're seeing at the moment - and iron ore prices is being a classic example - then every person on the street, in Pitt Street or in Melbourne, they are going to suffer.

We have got to make sure that our export potential is mollified by the effect of an increase in agricultural production and an increase not only in volume but an increase in price. And that's why it's so crucial for us to build these relationships and corridors in **China** and also to expand on the ones that currently exist, so that we can get a better price back through the farm gate in Australia - and that in itself will filter its way down to Castlereagh Street, down to Pitt Street, down into Melbourne, down into Adelaide.

It's in our own interests to expand the volume of agricultural product that we export, so that we can bring in those crucial dollars that pay for your stove, that pay for your petrol, that pay for your car, that pay for all the other things that surround you in your living room tonight.

Have a look around. Have a look at how much of that stuff is imported and ask yourself this very basic question: who is putting something on the boat and sending it in the other direction?

EMMA ALBERICI: Can you tell us: two-way trade with **China** is now worth \$150 **billion** to Australia. How much more will it be worth with a free trade agreement?

BARNABY JOYCE: Well, it will definitely be vitally important. And we have a delegation over here, Emma, with us, of 38 senior Australian **business** people. And I've just come from dinner then with some senior **Chinese** businessmen in Beijing and they're all looking forward to an increase in this relationship. And they all acknowledge that it will bring a great expansion in the **commercial** benefit to both countries and to the flow of money back through the farm gate in Australia.

And that's who I represent: farmers in Australia, mums and dads who need more money on the table so they can get a better return and a better dignity in their life. That's why we're here. But if you said "quantify it": well, that is a hard game to play. But what I can say is: I can show you what's happened in the last year, in the last decade in this market and say, well if that continues on - and I will give you one classic example that stands out.

Our live sheep trade into **China** has gone up by 12,660 per cent in one year. That goes to show the sort of return you get. And that means that a product, when we had what they call "older sheep", which are full-mouth wethers, cast-for-age ewes - basically the sheep that, in the past, some instances didn't even have a value: now we're selling them for \$130, \$138, \$100 or in the \$70 to \$80 mark. And this results from this increase in markets that we have and that is a good outcome for our nation.

EMMA ALBERICI: New Zealand's free trade agreement with **China** has delivered big gains for their **dairy** farmers. Will Australia's **dairy** farmers get the same deal? Under the Kiwi FTA, **dairy** tariffs will be abolished entirely by 2018?

BARNABY JOYCE: Well, you know, we're clearly saying that, you know, that New Zealanders: they have done a very good job. They're very adroit and you know, well, good luck to them.

But **China** and Australia have a complementary relationship. President Xi Jinping will be in Australia in November. We are both part of the G20 and we want to make sure that we get the equivalent form of relationship that New Zealand has in the **dairy** industry.

But might I say, Emma, that we are already getting great returns in the **dairy** industry. If you look at Norco on the north coast of NSW: now exporting up to 30,000 litres of **milk** fresh each week, going into **China**, going to Shanghai. And this has brought a record price at the farm gate, back to the farmers in that area. We're getting increase in prices at the farm gate in **dairy** in Victoria. We're actually getting a better return for our agricultural product and **dairy** is part of that process. Now, I understand quite clearly that the **dairy** farmers want to...

EMMA ALBERICI: Sorry to interrupt you but will you insist that any agreement be contingent on **dairy** farmers getting the same deal their Kiwi counterparts get?

BARNABY JOYCE: Well, Emma, I think that it's not wise to say what you will insist in and what you will demand in and what price you will get and when you will conclude anything. Because, as any person who has been in businesses knows, it's best to keep the cards closer to your chest and that way you don't foreshadow your punches.

Let people know exactly what your parameters of a deal are and you've already excluded yourself from getting anything beyond that. You want to make sure that you basically keep it close to your chest and see what transpires.

But I believe that the feeling that we are getting is one that is positive. I know that both in the standing committee and from president Xi Jinping and Li Keqiang, that they have both nominated Australia as one of the agreements that they want to conclude. So we're in the right place at the right time in the right economy. Thank goodness that we are dealing in a south-east Asian economy and not having to deal with the trials and tribulations of an European economy.

EMMA ALBERICI: Now, the **Chinese** government-owned Beijing Agricultural Investment Fund has this week committed to spending \$3 **billion** in Australia. What sorts of restrictions would you like to see imposed on that fund in terms of the types of investments or amounts invested are concerned?

BARNABY JOYCE: Well, you know, I welcome investment. Australia welcomes investment. And I know what you're getting at is the sensitivities around farmland - and there's nothing unusual about that, Emma. It's not unusual in **China**. It's not unusual in Japan or Korea or France or the United States or New Zealand.

Australia still remains the most liberal country on Earth. About 2.2 times the size of Victoria is now foreign owned and in **Chinese** terms that's the same size as Sichuan province. And when I say to good **Chinese** friends that Australian foreign ownership is equivalent to about the size of Sichuan province they say back to me quite clearly, "That's quite a bit of foreign ownership." And I say, "Well, yes, it is."

We're a liberal country but we have a right as a nation and they would expect it for us to have a strong oversight on that. And the Australian people have a right as a people to have a strong oversight on that. And my shareholder is the Australian people. My shareholder is the Australian farmer. We want to make sure things are in the national interest, that they grow the potential of a return at the farm gate and also grow the potential as a tax return, so that we can pay for the ABC and everything else that we love in Australia.

EMMA ALBERICI: On the broader issue of foreign investment, you talked about their having oversight. Today Coalition backbencher Kelly O'Dwyer has criticised the Foreign Investment Review **Board**, pointing out that in eight years there hasn't been a single prosecution for breaches of foreign investment rules. She says that indicates a failure of leadership at the FIRB. Do you agree with her?

BARNABY JOYCE: Um, well, I-I... Kelly's well entitled to her opinion and I know she's doing a lot of work in that committee.

What it clearly states is that there is quite evidently a sensitivity in regards to ownership. It's prevalent in urban real **estate** in the inner suburbs and it's prevalent in regional farmland. Therefore, you know, I think that having the proper controls in place are very important. That's why we have a Foreign Investment Review **Board**: it's because we believe that foreign investment should be reviewed.

But the Foreign Investment Review **Board** is not a gate that stops foreign investment; it is a mechanism of review and overwhelmingly it's allowed through. Now, if there are improvements that can be made then, you know, I'm sure that this committee will come forward with some suggestions.

Might I say that there are cheap houses if you're looking for them. I'm sure you will find them in Barrabra and St George and Charleville and Longreach. And, you know, with the imminent sea level rises that I heard about earlier on in your program of 1.1 metres, maybe they're the places to go.

EMMA ALBERICI: But this was a swingeing attack on the Foreign Investment Review **Board** by a member of your Government. Did she have some valid concerns?

BARNABY JOYCE: Well, I mean, I'm not going to start throwing stones at a report that I've neither read nor known the full details about. I understand there are concerns and I think that there are clearly in place criteria such as: that you can't **buy** an established house without the proper controls.

However, there is quite openly the capacity to **buy** new flats and new developments and we are seeing that and in some instances the vast majority of flats that go into a new high rise development are being **sold** off the plan because of the demand.

But why would that be the case? Well, that shows once more the close relationship the people in this town have to places such as Sydney, where they see it as a good place to invest, a good place to have their family, their children at and I'm seeing that here. I was talking to people last night. Their children live in Sydney. And that's the way the world is going to be. It's becoming a smaller place. People are moving backwards and forwards. These are families and it is private investment.

So the other thing I can say is that we can always build new houses and we can always build new multi-storey apartment blocks. In Australia we're not going to run out of that. But prime agricultural land: all there is in the universe we now know about and they're not making any more of it.

EMMA ALBERICI: And just shifting to the issue of Ukraine and Russia, momentarily: in a recent interview, you said New Zealand had not acted honourably by refusing to condemn Russia's actions in Ukraine. Have you similarly expressed disappointment with the Chinese, who haven't imposed sanctions on Russia? Quite the contrary: they've recently signed a \$400 billion gas deal with Moscow?

BARNABY JOYCE: Well, that gas deal has been on the drawing boards now for about a decade and I read about it in the paper today. These things after long and protracted negotiations.

Now, it stands to reason that our association by reason of our geography and our history is obviously extremely close to New Zealand. And I'm a prophet of few things, and even less so am I going to start telling the Chinese from China how to conduct their foreign relations with Russia.

EMMA ALBERICI: We have to leave it there. Barnaby Joyce, thank you very much.

BARNABY JOYCE: You're welcome, Emma.

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