

THE LAND

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HD Ready to 'nail' China FTA
BY PHILLIP COOREY and ANGUS GRIGG
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TALK of the decade-long Australia-China free trade agreement (FTA) reaching a conclusion intensified after Trade Minister Andrew Robb's latest talks in Beijing with his Chinese ministerial counterpart, Gao Hucheng.

The ministerial discussions arrived on the back of a week of intense negotiations with Australian agricultural representatives in Beijing for the APEC summit, including the Australian cattle and sheep meat councils and the National Farmers Federation.

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Mr Robb said last Friday's meeting with Minister Gao on the FTA was "very constructive" and "substantial progress" was made.

But he said "there are still a couple of issues we need to further negotiate".

"There is no reason to believe we can't nail those before President Xi arrives and that's certainly the intent, but... nothing's agreed until everything's agreed," he said.

Mr Robb declined to elaborate on what the two sticking points were.

"The best purpose will be served if we conclude these negotiations not in the public eye because there's a lot at stake... and we don't want to inadvertently trip up those negotiations because of certain speculation or because of things said by people who aren't aware of what really is going on within the context of this FTA," he said.

It is thought the deal will be a staged agreement to enable Prime Minister Tony Abbott to meet his self-imposed deadline while leaving more time to resolve disputed issues.

"It means better quality products for Chinese consumers; it means more opportunities for Australian exporters," Mr Robb said.

Cattle Council of Australia chief executive Jed Matz says the red meat industry's key message to Australian negotiators was to have an FTA signed equivalent to or better than the New Zealand-China FTA, with import tariffs eventually eliminated.

NZ's FTA with China secured phased tariff elimination on beef and sheep meat exports across nine years, from 2008.

In recent years, China has purchased increasing amounts of Australian farm produce, despite often high tariff levels.

This has made it politically less painful for Beijing to lower barriers for the likes of beef, dairy and wine.

By contrast, the country's service sector remains relatively undeveloped and the government is reluctant to allow too much exposure to foreign competition.

While Trade Minister Andrew Robb said Australia had achieved more concessions from Beijing on services than it had given any other country, it was understood this area would be pushed further in coming years.

Since Prime Minister Abbott visited **China** earlier this year to start negotiations, two of the sticking points have been foreign investment rules surrounding State-owned enterprises (SOEs) and **China's** demands to be able to import labour for its State-funded projects.

Beijing wants its SOEs to be free from approval by the Foreign Investment Review **Board** (FIRB) for deals less than \$1.08 **billion**, which is the same threshold as the United States, Japan and South Korea were granted in bilateral trade deals for all private investment.

Government negotiators are considering several models for loosening the FIRB restrictions on SOEs by considering a more liberal regime for investment in greenfield projects and a more liberal regime for SOEs that have fully transparent listed entities which can establish they are not arms of government policy.

Another source suggested Canberra was willing to accede to the request to extend the threshold to SOEs, but could not accommodate Beijing's other key demand around greater access for cheaper **Chinese** labour.

Mr Robb has explicitly ruled out any deal that would undercut Australian wages and conditions.

Shadow Agriculture Minister Joel Fitzgibbon and Shadow Trade Minister Penny Wong both warned the Abbott government must deliver a high-quality FTA with **China** that's in Australia's national interest, "not a second-rate deal struck solely for the Prime Minister's political interests".

"Labor is concerned at reports from Beijing the government is preparing to cut Australian sugar producers out of the proposed FTA with **China**," they said in a statement.

"We are also concerned the FTA may fail to put Australia's **dairy** industry on a competitive footing with the New Zealand **dairy** industry in the **Chinese** market."

n Foreign investment slow, see p8.

COLIN BETTLES, PHILLIP COOREY and ANGUS GRIGG

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