



**HD Major coup or selling the farm? Australia's free trade agreement with China**

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**WC** 1,330 words

**PD** 17 November 2014

**SN** Australian Broadcasting Corporation Transcripts

**SC** ABCTRS

**LA** English

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Australia's historic trade deal with **China** looks to offer opportunity to **dairy** and livestock producers and resource companies and is a major coup according to some, but critics say Australia is selling off the farm.

LEIGH SALES, PRESENTER: Cheaper cars, discount electrical goods, booming exports - they're a few of the benefits Australians can expect from an historic free trade agreement just signed with **China**.

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The deal's been 10 years in the making and the Federal Government says it'll deliver around \$20 **billion** worth of benefits to the Australian economy.

But critics worry that it's selling off the farm. It allows greater access for **Chinese** students, workers and businesses at a time when some Australians already feel that cashed-up foreign investors are crowding them out of things like buying real estate, for example.

Political correspondent Sabra Lane was at Parliament House today for the signing of the agreement between the Prime Minister Tony Abbott and the **Chinese** President Xi Jinping.

SABRA LANE, REPORTER: Australia's not seen anything like it. The biggest gathering of world leaders here for the G20 and many of them opting to stay before and after the event to improve diplomatic ties, trade and **business** links with Australia.

In Canberra today, **Chinese** President Xi Jinping met with the federal cabinet, addressed Parliament and finalised negotiations on a multibillion-dollar free trade deal that the Federal Government hopes will be the signature item in a week of positives.

President Xi addressed a special joint sitting of the Parliament this afternoon. He's only the second **Chinese** leader to do so.

XI JINPING, **CHINESE** PRESIDENT (voiceover translation): After all, **China** is a large country of over 1.3 **billion** people. It is like a big guy in the crowd. Others will naturally wonder how the big guy will move and act and be concerned that the big guy may push them around, stand in their way or even take up their place. So here, let me address several key issues that are of interest to you. First, **China** remains unshakeable in its resolve to pursue peaceful development. **China** will never develop self at the expense of others.

SABRA LANE: The ANU's Professor Hugh White watched the speech in the public gallery.

HUGH WHITE, PROFESSOR OF STRATEGIC STUDIES, ANU: I thought he went out of his way to press all the right buttons and say things he wanted Australians - he thought Australians would want to hear. He also I think made it clear that there were things that **China** held dear and things that **China** was going to be pretty tough on, but he wanted to put that in a very reassuring context. And even the way he described **China** as the big kid in the room is a kind of a slightly jokey, slightly reassuring way of referring to the undoubted fact of **China**'s growing power.

SABRA LANE: Two-way trade's currently worth \$150 **billion**. For more than a decade, Australia and **China** have discussed a free trade deal. The talks started under John Howard. Australia's former ambassador to **China**, Geoff Raby, was involved in earlier discussions.

GEOFF RABY, AUST. AMBASSADOR TO CHINA, 2007-2011: It may not be the great, changing, transformative agreement that we had once hoped to do, but it's important that we do it, get it out of the way in the bilateral relationship and we now have a platform that we can build on and expand it and enrich it and deepen it over the coming years.

SABRA LANE: In today's deal, 93 per cent of what Australia exports to China will be tariff-free within four years. Big winners include dairy and beef producers as well as the resources and energy sectors. But as with other countries, Australia hasn't been able to budge China on cutting tariffs on rice, wheat, cotton or sugar. Those things will be reviewed in three years. Overall, the former ambassador Geoff Raby argues it'll be good for jobs, and late today, 14 commercial agreements were signed with a potential worth of \$20 billion.

GEOFF RABY: I mean, I'm an avowed free trader, so I can't see that there are negatives in trade deals as long as markets are being opened.

IAN MCCUBBIN, AUSTRALIA CHINA BUSINESS COUNCIL: It's understandable that certain sections will not get the benefits that they had hoped for out of this agreement and there are always good reasons for that and these agreements are of course negotiated in the context of domestic influences in each of the countries. But that said, there is overwhelming benefit to the Australian economy from this agreement.

SABRA LANE: The Government will be mindful though that some in the community are cautious, sceptical, even hostile about forging closer ties. Mr Abbott gained first-hand experience of that this morning from radio shock-jock Alan Jones.

ALAN JONES, RADIO COMPERE: To win an election, you've got to pass the pub test. But can Tony Abbott go and buy a farm in China?

TONY ABBOTT, PRIME MINISTER: Well ...

ALAN JONES: No! The answer's no, Prime Minister! The answer is no, he can't!

SABRA LANE: It is a huge deal, yet, another world leader ensured his agenda's also captured some of the headlines.

BARACK OBAMA, US PRESIDENT: And if China and the United States can agree on this, then the world can agree on this. We can get this done.

SABRA LANE: Barack Obama's fresh climate pact with China and weekend announcement of a \$3 billion commitment to help poor nations adapt to global warming effectively gate-crashed the G20 agenda.

The Federal Government had pushed back on including climate change at the talks. The President's speech forced it into the spotlight.

It also overshadowed Mr Obama's other main point on America's rebalancing of its strategic interests in this region.

BARACK OBAMA: We'll deploy more of our most advanced military capabilities to keep the peace and deter aggression.

PETER JENNINGS, AUSTRALIAN STRATEGIC POLICY INSTITUTE: I think it was a very strong speech in terms of his continuing commitment to the rebalance, which is really his own signature policy and a very strong statement of saying, "Don't imagine we're drifting. We really are very focused on this and the region is important to the US."

SABRA LANE: For Professor White, today's speech from President Xi provided a sharp contrast.

HUGH WHITE: This was a speech which contained no barbs or jabs at the present government at all. He didn't mention climate change in any significant way, for example. And the contrast there with the very pointed criticism of the Government by President Obama could not be starker. Tony Abbott would have been completely happy with every line in this speech.

SABRA LANE: It's a complex political juggling act for Australia, nimbly managing the significant Australia-US alliance - Australia's most important strategic relationship - with that of the nation's most important trading relationship, with China.

On that score, Peter Jennings, a former deputy secretary of Defence, who was in the audience for the Obama speech, says the Federal Government's doing well.

PETER JENNINGS: I mean, we have the signing of a free trade agreement today between Australia and **China**. There is really no sense in a practical way that Australia is being asked by **China** or Washington to favour one country over the other. And until we actually see that playing out in real, hard decisions that governments have to make, I think we're travelling rather well. I would say the bilateral relationship Australia has with **China** has frankly never been better and of course the alliance relationship with the US has never been closer and so far we're managing this somewhat complex balancing act.

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**AN** Document ABCTRS0020141117eabh0008e