



HD South Korea free trade deal released

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WC 978 words

PD 17 February 2014

SN Australian Broadcasting Corporation Transcripts

SC ABCTRS

LA English

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The Federal Government has released details of its free trade agreement with South Korea. It shows 99.8 per cent of exports will be free of duty under the deal. Critics say the inclusion of Investor-State Dispute Settlement provisions could expose Australian governments to lengthy and costly legal battles.

MARK COLVIN: The Federal Government has released the details of the free trade agreement it's signed with South Korea.

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The Trade Minister Andrew Robb says it will provide a strong boost for Australian exporters, with tariffs to be eliminated on 99.8 per cent of exports to South Korea.

That will make it much cheaper for Koreans to **buy** Australian produce, including beef, sugar, **dairy** and seafood, as well as services like education, engineering, accounting.

Critics are warning about the potential cost of including a clause that allows foreign companies to sue Australian governments over policies that harm their investments.

Ashley Hall reports.

ASHLEY HALL: In the five months or so since Andrew Robb was appointed Trade Minister, he's travelled to many parts of the globe and, he says, a dominant theme has emerged among public policy makers. There's disillusionment with what he describes as the failure of the interventionist policies adopted after the global financial crisis.

ANDREW ROBB: The disillusionment is about the capacity of, you know, more and more spending and more and more intervention to deliver sustainable economic growth.

ASHLEY HALL: Mr Robb says they're looking for a fresh approach to drive growth to a level that will sustain job creation.

ANDREW ROBB: In that regard all eyes really are on trade investment as a major component of driving sustainable growth and jobs.

ASHLEY HALL: He says the Korea-Australia Free Trade Agreement will do exactly that.

ANDREW ROBB: This agreement fundamentally it backs those things that Australia does well and it backs those things that Korea does well.

ASHLEY HALL: The deal was struck in December with the full details released this morning.

Big winners include the beef industry, sugar, **dairy** and seafood exporters. The 20 per cent tariff on Southern Rock Lobsters will end shortly.

Gary Morgan is the chairman of Southern Rock Lobster Limited, which coordinates research for the industry.

GARY MORGAN: We see enormous potential in Korea. Six, seven years ago we were in a similar position with **China** where only small quantities were being exported to **China** and **China** has grown to be a \$300 **million** a year market.

ASHLEY HALL: Mr Robb is also keen to also stress that Australia's service sector will benefit the agreement, including legal, accounting, engineering, telecommunications and education.

Angel Calderon is a principal adviser at Melbourne's RMIT University.

ANGEL CALDERON: This agreement is comprehensive. It provides the market access for Australian institutions to be able to do more **business** with South Korea.

ASHLEY HALL: He says because both countries' education markets are quite mature, that won't mean a big surge in Korean students coming to Australia.

ANGEL CALDERON: But what it does it creates the environment that is more conducive to fostering closer relations between the two countries and I think that's something positive.

ASHLEY HALL: Trade Minister Andrew Robb says the agreement will eliminate tariffs on 99.8 per cent of Australia's exports.

What makes up the rest? A handful of items South Korea remains committed to protecting, including rice, walnuts and honey.

Yeonsoon Bourke and her husband Lindsay run 3,600 bee hives in Tasmania.

About half the honey they produce is exported. In South Korea, it attracts tariffs of about 250 per cent. So she says the exclusion of honey from the free trade deal is devastating.

YEONSOON BOURKE: Bitterly disappointed I have to say because we have been banking on it and we just waited on the wings but this curtails, you know, expansion.

ASHLEY HALL: The deal will see Australia drop import tariffs as well, with 75 per cent of tariffs on cars from Korea scrapped as soon as it starts. However tariffs on cars with six and eight cylinder engines will be phased out over three years in recognition that there'll be no Australian car industry to protect by then.

The Australian Manufacturing Workers Union's national president Andrew Dettmer says Australian manufacturing workers will lose from the new agreement.

ANDREW DETTMER: Ford, Holden and Toyota, which have said that they'll be departing in 2016 or 2017, have already indicated to us that if their market deteriorates further that they will not hesitate to accelerate the decision to close down operations to, you know, just vehicle assembly.

ASHLEY HALL: Some critics remain concerned about the inclusion of Investor-State Dispute Settlement arrangements in the agreement.

Patricia Ranald is the convenor of the Australian Fair Trade and Investment Network.

PATRICIA RANALD: The disputes are heard in international tribunals which don't have the legal protections on national legal systems. There's no independent judiciary, arbitrators can be practising advocates and there's no pre-system of precedence and there's no appeals and so you can get quite inconsistent decisions.

ASHLEY HALL: But the Trade Minister Andrew Robb says there's no cause for concern.

ANDREW ROBB: There are currently 28 countries that we now have investments and or trade agreements in which the ISDS is a component. There's been one case in 30 years taken against Australia and that is the case against the tobacco plain packaging right, and that's also being challenged in WTO (World Trade Organisation) which is another matter altogether right, so, and it's not certain in any sense that they'll be successful.

MARK COLVIN: Andrew Robb, the Trade Minister, ending Ashley Hall's report. Both the South Korean and Australian parliaments have to ratify the agreement before it comes into effect.

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AN Document ABCTRS0020140217ea2h0005r