

HD TRADE AND INVESTMENT MINISTER ROBB DISCUSSES KOREA-AUSTRALIA AGREEMENT AND OTHER ISSUES IN INTERVIEW WITH ABC RADIO NATIONAL BREAKFAST

WC 1,951 words

PD 4 April 2014

SN Australian Government News

SC HTAUGN

LA English

CY Copyright 2014. HT Media Limited. All rights reserved.

LP

CANBERRA, ACT, April 4 -- Minister for Trade and Investment Andrew Robb issued the following transcript:

FRAN KELLY: The Prime Minister leaves tomorrow on Australia's biggest ever trade mission to Northern Asia. At **stake**, a pretty important trifecta of free trade agreements with Japan, South Korea and **China**. These three countries represent more than half of all Australian exports and close to one-fifth of total global trade. First stop will be Tokyo, where a deal is close but is still being held up by a dispute over beef and **dairy** products and tariffs.

TD

Trade Minister Andrew Robb leaves today for last-minute talks in Japan ahead of the Prime Minister's arrival, and he joins us here before he hits the road. Andrew Robb, welcome to Breakfast.

ANDREW ROBB: Good morning, Fran.

FRAN KELLY: Now, Minister, you've said this Japan free trade agreement is a tough negotiation and we are at the really difficult end. Will this deal be done by the time the Prime Minister arrives for talks with his counterpart, Shinzo Abe?

ANDREW ROBB: Only if we see material gains over the next two days on some of the final but important issues that exist for Australia.

FRAN KELLY: Some of those key issues - our farmers are very worried, especially our beef and **dairy** producers. Tokyo has so far refused to go as far as Australia wants when it comes to lowering tariffs in these areas. For example, with beef, as I understand it, Japan is proposing to cut import tariffs from a really high 38.5 per cent to about 30 per cent, but the Australian Government wants it further, lower, and so do our farmers. You want it lowered to around 19 per cent. If you don't get that, will you walk away from these investigations?

ANDREW ROBB: Well, we won't conclude them if we don't get what we see as important and necessary levels of change to beef and also to **dairy** products. Look, the thing is that Japan has always been fiercely protective of agriculture. In fact, in no other agreement have they given ground on sugar, rice, **dairy**, beef or grain.

So we're breaking new ground as a major agricultural exporter, but the fact of the matter is a free trade agreement must have material adjustments and concessions on both sides, and for us to concede what we think is important for Japan, we want to see material gains across these agricultural areas.

FRAN KELLY: So what is the line in the sand? Is it 19 per cent, a tariff reduction to 19 per cent?

ANDREW ROBB: Well, the negotiations are still very much alive, and I'm not going to get into detail about particular items but certainly we want to see a lot better than what is on the table at the present time.

FRAN KELLY: Well, we have to trade, as you say, and concessions have to come on both sides. Japan wants Australia to drop tariffs imposed on car imports. Now that our car industry is really on the way out, this is quite an easy giveaway for us, isn't it? Does this help us in the beef and **dairy** trade-off?

ANDREW ROBB: Well, there's still a very large car component industry and, of course, the revenue implications from wiping out tariffs are not insignificant by any stretch. There's hundreds of **millions** of dollars, so we need to see movement on both sides. We have to both make sacrifices which in the long term interests of our country, are for the best because in these deals what you're doing is looking for

concessions on things that, we are strong at, that we've got great strength in, and similarly Japan's looking for things that they're best able to do so that we improve the efficiency in both countries and improve the trade opportunities.

But it does mean that we both have to see adjustments and make concessions, and it's always politically difficult. If it wasn't, these things would've been done long ago.

FRAN KELLY: Well, this is crunch time and sometimes these deals get done in the final moments when the leaders, for instance, get together in a room. Sometimes it's that personal connection that makes a difference. There is some history here that might help us get this deal over the line. It was Shinzo Abe's grandfather who signed the commercial agreement with Australia back in 1957 that opened up trade between our two countries. That was terribly controversial at the time. Do you think that kind of background will be in the room that might help seal this deal? How hopeful are you?

ANDREW ROBB: Well, I think it's been there - I mean, the fact is that these negotiations have been going on for, I think, about eight years now. It was Prime Minister Abe, in his first term as Prime Minister in 2006, who initiated the free trade discussions and negotiations. Now he's back as Prime Minister, I think it's been there in the background that his grandfather signed an agreement which has really given both countries, many, many decades of prosperity, and here is an opportunity to take that relationship to another level, and it would be most appropriate for a grandson to, in fact, sign that agreement.

So there is a lot of symbolism about it as well, which helps the negotiation, I think, but in the end it comes down to some fairly difficult political decisions.

FRAN KELLY: It's 18 to eight on Breakfast. Our guest this morning is Trade Minister Andrew Robb, who's about to leave tonight for a visit to Japan, South Korea and **China** to try and progress these trade deals and wrap some up.

One that will be wrapped up - well, is wrapped up almost, virtually, except for the signings, I think, is the free trade deal with South Korea, our fourth largest trading partner. This trade deal, as I understand it, is 1800 pages long. It's pretty difficult for most of us to get our head around these free trade agreements. Can you help us now, give us a concrete example of how, for instance, the free trade deal with South Korea will benefit us in our everyday lives? What will be cheaper? What will be better? What will be different if we sign this free trade deal with South Korea?

ANDREW ROBB: Well, it's what's called a very high quality deal almost on every front, except for rice, which has got very major cultural significance through most countries in Asia. The Koreans have agreed to either immediately reduce all protection or to do it over time. To give you a couple of examples, the **wine** industry; 15 per cent tariff will come off immediately, and currently the Americans over the last couple of years have enjoyed a zero tariff with South Korea. It will put us back on equal terms and materially help the **wine** industry. Potato growers, 300 per cent tariff they currently face. When - once we sign this and it comes into effect - that will be zero immediately. On so many different fronts we've got those sorts of examples across agriculture.

On the services front, if you're running a legal **firm**, at the moment you've got to go into a joint venture. Often that's very difficult when you mix professionals in a **firm**. That's typically the case right across Asia. Now - once this comes into effect - all sorts of different services firms, from environmental management firms, legal firms, accounting firms, all the rest, will be able to go in and set up in their own right independently and it will make a very significant difference to the way in which we can export services to South Korea.

FRAN KELLY: Okay. But as you say, all these things are trade-offs and in our deal with South Korea we've included an investor state dispute settlement mechanism. This will allow Korean businesses to take disputes with the Australian Government to arbitration. Now, earlier in the program we heard concerns about the insertion of this clause and these new free trade agreements. Labor opposes this thing - it's called the ISDS. Former Prime Minister John Howard took it out of a free trade agreement with the United States a decade ago, because he believed it would open the Government to litigation by US companies. Why are you acceded to South Korean and Japanese demands that this ISDS clause be included in these free trade agreements with Australia?

ANDREW ROBB: Well, we have said we'd look at it on a case by case basis. And with Japan - I don't, again, want to reveal where we're at with that issue, because the negotiations are still very much alive. But bear in mind that this ISDS provision has been or is in fact, in agreements that we have with 28 different countries and it goes back as far as 30 years.

FRAN KELLY: But are they unsafe? Are they unsafe for a government to open itself up to litigation from multinationals?

ANDREW ROBB: Well, over 30 years the only action taken against Australia is the tobacco packaging one, which is currently being contested - the only one in 30 years. But on the other hand, several Australian companies have taken ISDS cases against other countries and been successful, got compensation, and they're only used when cases where if you're dealing with a country and you're not confident about the legal system. There are some countries where a judge will never give provision or a decision in favour of a foreign **company**. There are other countries where you might wait five or six years or more before you could even get your case before the courts.

This is an alternate provision to protect investors who've been discriminated against by other governments. Now, we've said we'd look on a case by case basis. We didn't have it in the US agreement because the Australian Government felt that if there was a problem we could trust the American courts. We haven't got it in the New Zealand free trade agreement for that reason. But we've got it in other free trade agreements and in fact the Labor Party put it into two other free trade agreements in their first year or so of government, but then the unions - some unions who are anti-trade got hold of Bill Shorten and Julia Gillard and said, this is a no-go area.

FRAN KELLY: Okay.

ANDREW ROBB: And they stopped the provision being included in these three - any of these three - free trade agreements we're currently trying to complete and that has disadvantaged Australia because of that union insistence. That has materially disadvantaged Australia and put us behind the eight ball with these three countries.

FRAN KELLY: Andrew Robb, thank you very much for joining us.

ANDREW ROBB: Thanks very much Fran.

FRAN KELLY: Andrew Robb is Trade Minister. He leaves tonight on this - catching up with this delegation. The Prime Minister will join him too. Trying to seal these deals - free trade deals with South Korea, Japan and **China** the big one, though some time to go still on the **China** negotiations

CT For any query with respect to this article or any other content requirement, please contact Editor at htsyndication@hindustantimes.com

NS e512 : Physical Trade | gpol : Domestic Politics | nitv : Interviews | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gpri : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpx : FC&E Executive News Filter

RE austr : Australia | jap : Japan | auscap : Australian Capital Territory | skorea : South Korea | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | easiaz : Eastern Asia

PUB HT Media Limited

AN Document HTAUGN0020140404ea440008g