

TRANSCRIPT



MINISTER FOR TRADE AND INVESTMENT

The Hon Andrew Robb AO MP

19 July 2014

JOINT PRESS CONFERENCE
MINISTER FOR TRADE AND INVESTMENT
MR ANDREW ROBB AO MP

MINISTER OF ECONOMY, MEXICO
MR ILDEFONSO GUAJARDO VILLARREAL

G20 TRADE MINISTERS MEETING
SIR STAMFORD HOTEL, SYDNEY

E&OE...

Thank you very much, ladies and gentlemen for joining us. I've the great pleasure of having the Minister for Trade from Mexico joining me - Mr Ildefonso Guajardo Villarreal. That wasn't bad, was it?

ILDEFONSO GUAJARDO VILLARREAL: It was – perfect.

ANDREW ROBB: And Ildefonso had the role of chairman of the first meeting of a G20 trade meeting, two years ago. And I've had the privilege of chairing the second and fortunately the Minister for Trade from Turkey this afternoon announced that next year when they host the G20, they will also be having another trade ministers meeting so I think the precedent that you established, Ildefonso, has taken hold and so it should because the G20 is fundamentally about the economic performance of the 20 countries who represent 85 per cent of world GDP.

And trade growth is very much a contributor too, not - there's lots of other factors but are very much contributed to by trade and investment issues. So, we've had a day on that. We had firstly the opportunity to hear from the senior people involved with the B20, Richard Goyder, the Chairman Andrew Mackenzie, the Deputy Chairman of the B20 and they reported to the 20 Trade Ministers, the conclusions that they'd reached before principal recommendations that they made and we had some discussion on that.

We then moved into - the rest of the morning, was devoted to discussing the various trade packages that have been put on the table by the 20 countries. These packages are designed to be a subset of the total packages that each country leader will take to the November meeting of the G20 and the Finance Ministers in February set a two per cent growth target as an increase in growth of two per cent by unilateral actions that were to be taken by each country.

In other words, each country is deciding what it can do domestically, what they can do in their own country, to promote greater trade than would otherwise occur, if they just continue with their current policy settings. And so we've had a very interesting discussion. Some of our colleagues put in very ambitious programs which were in many cases original. A lot of original policy issues which were particular to their countries. Others were not so ambitious.

So, we spent the morning really getting those ministers who had put on the table some fairly ambitious and effective trade-related domestic policy initiatives to talk about those things so that we could hopefully encourage the other trade ministers over the next few months between now and November when the leaders meet to go back and as I think Mike Froman said from the US, look in the cupboard again to see what else they could do to lift the performance of their own economy by trade-related matters.

There was a very strong commitment to this objective for the G20. I think certainly I found in the nine months that I've been responsible for trade and investment for Australia since we formed a new government as I've travelled around the world and discussed the prospect of having growth and trade and investment at centre-stage in this whole G20 year.

It is consistent with what so many of the countries believe is necessary and so many are facing fiscal consolidation, difficulty with repaying debt. They're all trying to live within their means. It's meant that the growth in government spending has slowed in all of these countries and if they are to maintain economic growth and to reduce unemployment, they need a big injection of private sector activity and in many cases, that means money coming in from outside to replace the cutbacks in government spending.

Now, that was a common theme as we went round the discussions and it drove so many of the trade initiatives that they identified. Over lunch we had presentations from the OECD and then individual contributions from around the room about global value chains. And there was an agreement that the world - the trading world has changed; has changed fundamentally because of the growth of global value chains. It's just 20 years - 15 to 20 years since 20 per cent of all of the output the different countries produced went into someone else's product; was an input into another product.

It's now close to 70 per cent according to the OECD who presented a global value chain. So, it means that in many cases, individual components or the development of components for final products are going many times backwards and forwards across the same border or into different countries. We had reports of just a small Ford motor vehicle up to 42 countries contributing to the final product and this has led to an enormous growth in trade and I suppose the conclusion that was reached by the group was that endlessly, trade ministers in countries have been focused on exports. What can they do to increase exports. Nowadays, the imports are just as important as the exports. Because in many cases, many of our - much of our industry is importing products which go into outputs which go out onto the export market.

And in fact it was interesting with Germany, that's got an apparent trade surplus with Australia of \$9 billion, \$11 billion exports from Germany to Australia and \$2 billion of exports from Australia to Germany. But when you look at the global value chain actually Australia has got a \$350 million surplus with Germany. In other words, so much of Australia's original production is - there's value adding and it's going backwards and forwards and finally ending up in German final product and it actually - it quite distorts those trade figures. So, there's some very interesting development.

It means services are so important, trade facilitation, customs rules, if you've got endless - if you've got a much advanced and increased rate of transfer of products, it's makes a huge difference how you - the trade facilitation. How efficiently you can get across the ports and all the rest.

Finally the last session of the day was all about the future of the world trading system. We talked about the 370 existing bilateral and plurilateral and regional agreements in place and the 100 agreements of bilateral and plurilateral and regional that are under negotiation so nearly a total of 500 alongside the WTO.

There was a reaffirmation of the importance of the multilateral. How the power of the multilateral, a reaffirmation of the importance of the Bali outcome earlier this year and the need to get that program of trade facilitation and nine other measures introduced - the absolute need to introduce them and to meet the timetable if we were to restore the confidence of the WTO and breathe life back into other elements of the Doha package.

It was a very interesting discussion this afternoon about that connection. But we didn't reach too many conclusions but a lot of very interesting ideas about the importance of these bilaterals and trilaterals and plurilaterals and all the rest of the laterals. So, that was again an afternoon full of discussion and I don't know if you want to add a couple of comments, Ildefonso, before we open to some questions.

ILDEFONSO GUAJARDO VILLARREAL: Thank you, Andrew. Basically just to recognise the leadership of Minister Andrew Robb for taking back trade to the centre of discussions to the G20 group. He was in Porto [indistinct] Mexico, basically two years ago when we started putting trade on the main agenda of the G20 countries.

Trade growth is basically very closely related to trade and investment and I think that today we can count on the efforts that we have been doing together to really have a very clear vision on the actions that we have to take to facilitate trade. In the discussions today we shared a common view of the kind of efforts we can do domestically to really get a much better environment for trade.

This morning I shared with my colleagues that sometimes even a country as open as Mexico, we have a tremendous job in the last 20 years. We still have a lot of homework to do in order to do domestic reforms that will help small- and medium-sized enterprises to take advantage of the access that we are getting to global markets.

And I think that we learn from each other and definitely I do believe that the policies that we can put together can help to change things in the next years to come.
Thanks.

ANDREW ROBB: Thanks very much, Ildefonso. Questions?

QUESTION: Matt Siegel, Reuters News Agency. Based on the packages of reforms that the ministers brought today that you discussed, do you still agree with Prime Minister Abbott's assessment from earlier this week that countries were falling short on meeting those growth targets?

ANDREW ROBB: There's no doubt we agreed today I think that some countries had fallen short. There are some that have done a very good job. Some have worked very hard and but we are still if you look at the total package, not just trade and investment which we talked about today but other elements that have been considered, it's still around the one per cent and we've got to get to two per cent. So, there's a lot of work to be done and on the trade side there's still quite a lot of room for many countries to take more domestic related initiatives.

For Australia things like coastal shipping deregulation. It is something that is - this morning the head of BHP Billiton said they've got a magnesium mine up in the tip of Western Australia and they get it processed in Tasmania. It's adding \$63 to every ton. The changes that were made to that coastal shipping. So, that's something - that feeds into global value chains everywhere. We brought together this greater complexity that's taking place. Now, the actions of one country even with a domestic policy issue can feed a higher price into the rest of the world and that became a lot more evident and certainly there's things we can all do which are specific to our own countries to improve the situation. Yes.

QUESTION: David Lipson, from Sky News. Was there any recognition today of the MH17 plane disaster or any acknowledgement on how that sort of event can impact on trade relations around the world?

ANDREW ROBB: There was, almost everyone I think at some stage expressed deep condolences; prefaced their comments, because obviously many of the countries that were represented around the table also had victims in that... there wasn't then a discussion about the significance of that. I mean there has been - there were general discussions about how a particular event can impact on trade and for the short-term or longer-term.

But the global financial crisis - you name it - there are things that can set back trade but it wasn't related to the downing of that aircraft. But there was a sombre mood I think in regard to that terrible event and it did affect I suspect for a while the sort of mood in the room but we all had a job to do and got on with it. Other questions?

QUESTION: [Indistinct] from ABC - a follow-up to Andrew's question. What then, if there are short-term political reactions to the downing of MH17 - how will the G20 deal with the fallout from that?

ANDREW ROBB: Well, it's - look it's still early days. The priority at the moment as the Prime Minister has said today is gaining immediate and safe access to the crash site so that the remains of the deceased can be properly recovered. And secondly, we are seeking a binding Security Council resolution for a full independent investigation. So, all of our efforts, the Prime Minister met with the Russian Trade Minister this afternoon. I met with him last night.

We made requests for Russia to give a complete unequivocal commitment to facilitate these sorts of immediate objectives and I think how all countries respond to those immediate objectives will determine how this issue plays out more broadly in the global scene, in the geopolitical scene. So, let's focus on these immediate urgent needs and then make a judgement about how different countries might have responded to these things.

QUESTION: Sorry, I was just wondering, were you hoping for more movement towards the Bali facilitation treaty - agreement - sorry? It is only 12 days before the deadline expires. Correct?

ANDREW ROBB: It is but we did have a couple of countries that are concerned about the other elements in addition to the trade facilitation of that - there are nine elements to the Bali decision. Timetables were set for each one. But every country there at the meeting did reaffirm their commitment to all nine being completed. We certainly reached a decision to - as a priority - over the next nine days to seek a satisfactory solution to the concerns that a couple of countries have got with the pace of some of these other measures - the pace of attending to these other measures and - but there was no dissent on the significance, the importance and the timetable that's laid out in the agreement that everyone signed.

QUESTION: Following up on that, was there any movement from the Indian delegation that you saw and some of the concerns that they've raised in recent days

regarding possible renegotiation on food security and their position that they may seek to hold up the implementation?

ANDREW ROBB: I don't think it's a question of any renegotiation - everyone, including India, recommitted publicly to the package. It was very much, and has been as I understand it, from some, some of the African nations had a concern about whether they could - they had the wherewithal, the expertise and the funds to properly implement the trade facilitation package.

There was an announcement of a new facility that will be made available. The United States confirmed that they spent a billion dollars on helping developing countries with trade facilitation and that level of commitment was ongoing. The Minister for the European Union said that \$400 million has been put aside.

Australia committed extra monies; another million dollars on top of the six million that we put in the World Bank. So, the bottom line was that around the table, assurances were given which will be coordinated by the WTO, that no country will be left behind in terms of their needs to implement this at the speed that they wish to and of course the developing countries have got a different timetable to the developed.

The developed are expected to implement these things immediately and the developing countries to implement in a program that they can properly absorb and fund - and be funded. But they'll be helped with the funding and the technical expertise.

So, there is work to be done the next few days to, I think, even further satisfy India and maybe other countries. I think the Africans are - I think their problem has been properly attended to and I think there was strong resolution around the table that India's issues too with food security would and should and will be addressed as decided previously and if we - I think there'll be discussions about how to satisfy India, that they won't be left behind.

QUESTION: [Inaudible] ... clarify that again. So, Australia's committed an extra \$1 million in response to this ongoing concern. So, did other countries - other developed countries contribute extra funds today...

ANDREW ROBB: Yes.

QUESTION: ... today you mentioned the EU and the US.

ANDREW ROBB: Yes. There's quite a number have already - it's not for me to announce their contributions but quite a number of other countries have, yes.

QUESTION: Today?

ANDREW ROBB: And in the last few days, yes.

QUESTION: In addition to the facility which was announced on Thursday?

ANDREW ROBB: The facility that the Director-General announced?

QUESTION: The World Bank has one and the Director-General...

ANDREW ROBB: The World Bank has got one which is - that's ongoing. It's in addition to that. There's a facility that will be coordinated by the WTO and it's not a fund. It'll be - they will be like brokers. Where there's a need, they'll go and find countries that have offered support - like Australia - and put the two together. And if it's technical assistance, that'll happen. If it's funds, that'll happen. And - but just to make sure that the developing countries have got the comfort if you like, and the confidence that these things will be attended to, because the WTO Director-General has given his personal commitment to all of them.

QUESTION: [Inaudible] ... would you care to elaborate a little bit on in detail about the specific concerns raised by India and the response of the G20 member nations to those concerns during the meeting? You did say that India was reassured that it will not be left out but if you could sort of detail it a little bit.

ANDREW ROBB: Well, it's a bit hard to go a lot further. India did and has said for some days I think, that they were concerned that their - one of their principal concerns which was the food security issue which was very much a part of the Bali package, that it would not be properly attended to. But the deadline for that is in fact 2017 and it is somewhat, in a technical sense, open-ended.

So, the capacity to adopt those food security measures exists and if it's not resolved by 2017, which everyone feels that it certainly will be, but it just goes on. So, that was a comfort factor that has been there for India but they have raised this concern and everyone around the table gave a country commitment that they expected every one of the measures to be properly introduced and India also said that they still remain fully committed to the full package and the timetable but still expressed reservations about what is the process to ensure that their issue is properly addressed.

Now, discussions have been held over the last couple of days. They will continue. The group did agree that the first priority is to properly satisfy that concern over the next nine - sometime in the next nine days and then hopefully, life will move on and the measures will come - that measure will come into effect on the 31st. Many countries indicated they're ready to sign up on the 31st and immediately implement it including places like South Africa and China and others.

COMPERE: Last question.

QUESTION: [Inaudible] ... is it actually...

ANDREW ROBB: This - I might have to pass this to Ildefonso.

QUESTION: Is it actually possible for a host country to ban or block a leader coming to attend the summit and do you have to get the agreement of the other G20 countries?

ANDREW ROBB: I'm not familiar enough with the rules of the G20. And I don't know if Ildefonso is either...

ILDEFONSO GUAJARDO VILLARREAL: No.

ANDREW ROBB: ... but I think it's a hypothetical.

ENDS