

Transcript

Station: **SKY BUSINESS NEWS**

Date: **06/10/2015**

Program: **TRADING DAY**

Time: **03:17 PM**

Compere: **JAMES DAGGAR-NICKSON**

Item: **INTERVIEW WITH INNES WILLOX, CHIEF EXECUTIVE, AUSTRALIAN INDUSTRY GROUP, TO DISCUSS THE TPPA AND TRADE LIBERALISATION IN THE PACIFIC REGION.**

JAMES DAGGAR-NICKSON: Mr Willox, it's always a pleasure to have you on the programme. So it's been a number of years in the making, and from what we see at the moment at least, good news for Australia?

INNES WILLOX: Absolutely James. We think this is a very positive development, and we'd hope that the agreement can be ratified as quickly as possible by all 12 economies so it can take effect. And this has been a long time coming, it's been in negotiation for over five years. I remember everyone getting excited around the end of 2012 about the imminent signing of a TPP, and hey here we are just three years later. So this has taken a long time to come to fruition, but it's very positive; it opens a lot of new markets for Australian business. We already had existing trading agreements with eight of the other 11 countries, but those did have blockages in them, in some of them, and the TPP helps unlock that. It also gives us access to new markets and it also allows us to get into different and newer markets via TPP member country joint ventures. I think it's very positive on the whole for the whole range of the economy, from agriculture, to services, to manufacturing. We think this is a very positive agreement, and it has enormous potential for Australian business.

JAMES DAGGAR-NICKSON: And is- for Australian business, do you think that's going to be the key? You made mention the new markets that are now hopefully going to be open to them.

INNES WILLOX: Well absolutely. And if you look at things like mining services into Vietnam, which are sort of an emerging and growing mining industry, that's going to be very positive. Same for Peru, that's very positive for Australia. Strong mining interests in Peru. We have new market access for, say, wine into Malaysia and the like. Of course now our sugar farmers get access to the American market from which they were

blocked out through the US free trade agreement - that wasn't free trade when it came to sugar, but now we have access to that market; we have protections around our pharmaceutical industry, [indistinct] areas for them to grow. That's positive.

Where it's really exciting I think in many ways is around the access we now get to Mexico. And you might ask why, well Mexico then gives us a foot into the NAFTA, into the North American Free Trade Zone, the United States and Canada, that we haven't had before. So that's particularly important, say, for a whole range of sectors, but let's just pick one, say auto parts, auto manufacturers, we're struggling here, about to shut down here - Mexico opens up a whole new market for auto suppliers to access the American market. You think for a company like Futuris, who is very heavily engaged with Tesla in the United States, they can use Mexico to help access that market in a way that they haven't been able to before. So I think there are a lot of positives here for Australian business.

JAMES DAGGAR-NICKSON: Do you see it being complementary to the FTAs with South Korea and China, both of which aren't(*) part of this TPP. But in particular China, because many have seen the TPP as part of the Obama administration. He made the comment, the pivot into South East Asia. Is that what this is a part of?

INNES WILLOX: Well definitely. I think what this does from an American perspective is open up the South East Asian region in a way that they haven't been able to before, and that's why it's been so important for the Obama administration. For us it opens up big chunks of the Asian region, which don't include China, which we have a separate agreement with, and we also have a separate agreement with South Korea. It also makes things easier in some ways for us to access the Japanese market even more, and that's a positive thing. So what you see now is this movement now globally, perhaps optimized more than anything else through the signing of this TPP, to trade liberalisation and the removal of tariffs and other protections.

What we're really pleased about, I have to say, is that there are very clear mechanisms that are being put in place to stop those sort of behind the border, anti-trade measures that have come up through other FTAs - to prevent them from

springing up under the TPP. So there will be monitoring provisions, and we think that's really appropriate. Because it's no good having a free trade agreement A.) if it doesn't promote free trade, and B.) if there is some then it gets stopped through other measures. So we're very bullish about that, we think that's a very positive step, and as the Trade Minister just talked about, the recognition of the growth of e-commerce within this agreement is positive.

The other point, James, is that we have another agreement that China is leading around the region which Australia is part of, of those negotiations, certainly from a business perspective we're very heavily involved in those. It's called the RCEP. That's another agreement. So we're seeing this sort of liberalisation in trade movements really gathering pace, and that's a positive thing if everyone is in the game.

JAMES DAGGAR-NICKSON: Do you think Australian business is well positioned to take advantage of this ever increasing globalisation? Because it's not just opening doors for Australian business into other markets, but opening some of these other countries' businesses into our market. I mean how well placed do you think Australian businesses are to take advantage of something like this?

INNES WILLOX: Well, I'd say we are increasingly so for a couple of reasons. One is we've gone through a period of a very high dollar, which has made Australian business very competitive on a global scale. To compete internationally with the dollar above parity Australian business has to be very good. You can't escape that. We now have the lower dollar, and the dollar's volatility will be an issue of course, but the lower dollar, and certainly in the short-term, will assist Australian businesses find new export markets. We're seeing and hearing that from our Ai Group members - all the time now, that the lower dollar is a bonus and now these sort of agreements will make these markets even easier to crack.

JAMES DAGGAR-NICKSON: And it's just before we let you go, how important do you think- or how important is it to see it ratified by the 12 countries in its current form? Because we know in the US in particular there is some political will against it, particularly on the Republican side.

INNES WILLOX:

Well look, the agreement has been reached. It would be a tragedy, a little bit like the China FTA situation that we have with Australia. Of course people are going to have problems with bits of the agreement. We've always said on the China FTA it's not perfect but it should be signed because of the overall benefits to the economy, which are very clear and very stark. We think with this agreement, the TPP, which is an economic partnership agreement, it should be ratified by all countries involved as quickly as possible and practical to allow the benefits to key sectors of everyone's economy to flow. This is going to be very important to our agriculture sector, our services sector. If you think of the telecommunications and health access and education access that we'll get to new markets that we haven't had before, this can only really be good for Australian economy.

JAMES DAGGAR-NICKSON:

Innes Willox, as I mentioned before, fantastic to have you on the programme. Thank you.

INNES WILLOX:

Great, thanks James. Cheers.