

# TRANSCRIPT



## MINISTER FOR TRADE AND INVESTMENT

The Hon Andrew Robb AO MP

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19 July 2014

### G20 TRADE MINISTERS MEETING, INTERCONTINENTAL HOTEL, SYDNEY OPENING REMARKS

Let me start formal proceedings by thanking you for travelling to be here today.

I warmly welcome the opportunity to meet with fellow ministers here in the beautiful city of Sydney. I really am grateful for the effort that so many have made to come and participate today.

Could I particularly acknowledge not only all of the head of delegates here, but particular thanks to the Chairman of the B20 Group Richard Goyder and to the chair of the Trade Taskforce Andrew Mackenzie and to the B20 Sherpa Robert Milliner who will, after I've made a few opening comments, will occupy the first agenda item this morning in giving us a report from the deliberations over the last two days of the B20 group.

There have been several hundred global leaders here over the last few days, and it has been very successful, and they will tell you about that.

Let me start formal proceedings if I could, by thanking you for travelling here today. It is a very special opportunity for me to have you here in Australia.

In terms of the substance of what we're looking at today and why we've established the agenda the way we have and why it's part of the broader G20 agenda.

Many countries, from our observation, are looking at reducing government debt, looking at fiscal consolidation – as I travel around the world with my responsibilities for trade and investment, this is what I'm observing - which means they need alternative public policies to drive growth.

We are seeking to live within our means as governments, we are looking to drive growth, not only, but significantly, through trade and investment. We have to find new sources of income, and trade and investment has become of great interest to replace growth driven by debt-financed government spending. That certainly has been the case also in Australia.

As Trade Ministers we need to create an enabling environment for the private sector that allows them to get on with growing their businesses by improving their competitive position so they can grow through trade, and improving their attractiveness to investments in their businesses.

So much of this can be assisted by what changes we make to our own domestic policies.

We spend a lot of time as Trade Minister's talking about what we can do collectively, or between one another, or between regional groupings. But, in the end, so much of the

benefits in the agreement is what structural adjustment it forces on our countries. In the end, that is where many of the benefits will arrive.

It is why Leaders at the G20 St Petersburg Summit last year agreed that this year we should all identify those domestic policy reforms we could unilaterally take to drive greater business activity and deliver higher growth.

As the G20 President this year, Australia has taken up this challenge to put growth centre stage at this year's Leaders' meeting.

In fact, the G20 Finance Ministers agreed on nominating the policy reforms their countries will take unilaterally to drive a two per cent greater level of growth in their own countries over the next five years.

Leaders have tasked us, as the trade group, to deliver a set of actions for own countries that will contribute to your extra two per cent growth target.

All of you here have submitted a report. Some are extremely ambitious, some less ambitious, but certainly there are a number of new initiatives which will take political pain, but that is the nature of any change. We have received those – you have all had an opportunity to read those.

There is an opportunity between now and the end of the year to add to it, and certainly the discussion this morning is intended to focus on some of the ambitious and domestic actions that some of the countries have put forward.

To this end, after receiving a report and recommendations for the B20 business leaders, we will spend the remainder of this morning discussing the policies they have put forward, including:

- Ways to free up trade in services.
- Opportunities and the benefits of unilaterally removing tariffs and behind-the-border barriers.
- Streamlining customs procedures.
- Investing in infrastructure.
- Getting rid of destructive taxes – we have got rid of the carbon tax two days ago in our own parliament this week. It was a trouble none of our competitors have, and that is very important for us in terms of driving growth.
- Attacking red and green tape – one of the responses of so many governments, including our own, over the last six years since after the global financial crisis, was to increase regulation in so many areas. Some people have got addicted to it, and it's starting to really choke a lot of business.
- Effective competition policy to spur innovation – in our country we have a competition inquiry. Competition has been a life blood of so much of our success as a country, but we can't rest on our laurels.
- Streamlining project approval processes; and
- Concluding high quality trade agreements.

Over lunch we will discuss the exponential growth in Global Value Chains which absorbed 20 per cent of world output in the '90s, and now we see over 50 per cent of world output featuring as input into other goods. That has enormous implications and it is coming at us at a great rate and is expected to grow to 60 per cent in the near future. That discussion, I think, a couple of people in the room will make some comments.

That discussion will shine a huge light on the need to accelerate the freeing up of trade and competition if we are to participate in this phenomenon. If you've got one product like a car, which has got 50 countries contributing in one way or another, there is traffic across borders three or four times – freeing up trade in competition and services is fundamental to

participating effectively in this new global value chain phenomenon.

The first candidate for action on this front is to see the implementation of the actions reached in Bali. Starting with the trade facilitation agreement agreed under we all signed up to.

G20 countries, representing 85 per cent of the world economy, have an important leadership role.

The third, post-lunch opportunity we have today is to identify what we can do jointly to strengthen the global trading system.

We will start with a discussion of the realistic view of the whole trade system as it is.

At this very moment 370 different bi-lateral, regional, plurilateral and multilateral negotiations are in force around the world, with approximately another 100 under negotiation around the world. So nearly 500 trade agreements either in operation or in prospect. All of these negotiations are attempting to improve market access and the ease of doing business, in the absence of, in the past, an outcome from multilateral negotiations.

We need a frank discussion about where all this is heading and how we ensure that we don't end up with a mish-mash of conflicting rules around the world. What is the role of "open architecture" in these trade deals to encourage the eventual entry of more and more countries into each agreement.

What mechanisms might the WTO be given to facilitate the ultimate coalescing of many of these plurilateral and regional trade deals. How can the WTO be involved in recommending or encouraging common rules being used by the different trade deals.

All of these things, I think, are fundamental to the great attraction of multilaterals, and the great power of the multilateral deal, and that is, that we've all got one set of rules. I do think that just having a discussion would be of value. Certainly, I would greatly appreciate it.

We also need to ensure that the trade facilitation agreement agreed under the auspice of the WTO in Bali earlier this year enters into force as quickly as possible, as agreed in Bali. The timeframes and all the rest. So many of us felt and believe quite rightly that was a seminal moment. There had been so much frustration, but 159 countries agreed on what was just a sliver really, of the Doha Round, but it just shows you the power of the multilateral agreement that one sliver of trade facilitation can generate an extra \$US1 trillion to world GDP, and 21 million new jobs, 18 million of them in the developing world. It does reinforce our continued expectations to maintain the WTO and the multilateral objective.

The post-Bali agenda for the world trading system will be the focus of the last hour of our deliberations this afternoon, and we will have the benefit of a contribution from WTO Director General, Roberto Azevedo, in that concluding session and thank you for your contribution. We know G20 members can do more to strengthen the system because of the successful bilateral and regional trade commitments you have all been part of one way or another.

Many of us, including Australia, can do more on aid for trade.

Most importantly, we can do more with our domestic policies to contribute to growth and generate jobs. I hope through this meeting we will demonstrate the leadership role that G20 Trade Ministers can play in changing the direction of the conversation on trade. Let me welcome you again, particularly our special guests. I look forward to a frank and productive discussion.

I would now ask the media to leave the room.

ENDS