

MEDIA RELEASE

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AUSTRALIA/US FTA – COMMON SENSE PREVAILS

The Minerals Council of Australia is buoyed that common sense has prevailed on the merits of the Australia / United States Free Trade Agreement (USFTA).

MCA Chief Executive, Mr Mitchell H. Hooke, today welcomed the ALP's recommendation that the Australian Senate pass enabling legislation giving effect to the Australia USFTA.

"The Council is relieved that trade reform efforts in Australia have not been partisan politicised – the recent impasse over the Agreement posed the risk of destabilising Australia's historical, bi-partisan approach to pursuing trade reform through multi-lateral, regional and bilateral forums.

"Notwithstanding the disparate views on the prospects for a better deal, Australia will be unambiguously better off for this Agreement. It offers an unprecedented opportunity to achieve closer economic integration with the world's largest economy and a significant increase in trade and investment.

"Trade negotiations are, by their very nature, a process of give and take, dialogue and debate, and therefore are going to be about concessions. The reality of trade negotiations is that while they should be about commitments to open trade and investment, they are more about negotiations on the extent to which there are concessions and/or distortions in the market," Mr Hooke said.

The Minerals Council says the Australia USFTA will serve the national interest, both the 'here and now' and prospectively.

"Australians are vastly better off for Australia's commitment to free trade and the continued growth of Australia's minerals and energy exports. If the minerals industry is to continue to underpin Australia's wealth creation it needs unfettered access to global markets to sell its products and buy its inputs, and it needs foreign capital to support the development of Australia's geological resources.

"The capital markets in North America are fundamental to the industry's future given the insufficient liquidity in Australian capital markets," Mr Hooke said.

Specific benefits of the Agreement to the Australian minerals industry are the:

- > enhanced attractiveness of Australia as a destination for US investment, increasing the opportunity for new resource projects to proceed;
- > potential flow on effects of the investment provisions to other major trading partners such as China, Japan and India – expected to enhance both trade and investment opportunities as closer economic and trade relationships are developed with those countries;
- > elimination of tariffs:
 - o on products, will increase access and competitiveness for mineral ores and concentrates and refined metals sold into US markets;
 - o on imported capital equipment, will deliver immediate savings for mining and mineral processing companies;
- > enhanced potential for Australian mining technology and service industries to build partnerships with US technology firms in servicing what is a global industry; and
- > no trade restrictions for environmental, labour and other non-trade objectives, but includes commitments not to fail to enforce domestic environmental and labour laws in a manner affecting trade between the parties.

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