



NORTHERN TERRITORY CATTLEMEN'S ASSOCIATION

Media Release

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Keynote Address Advises Cattleman to Keep Their Fingers on Asian Pulse

Dr Ken Chern, keynote speaker at this year's 27th Annual NT Cattleman's Association Conference held in Katherine this week, said the quest for balance in world economies is the biggest challenge to financial and political stability among Australia's major allies and trading partners.

Dr Chern is the former US Consul General to Perth and served in the White House as Director of Asian affairs, the State Department's China Desk, the Japan Desk and the Australia/New Zealand Desk. He is currently working as a Professorial Research Fellow at Murdoch University in Perth.

He addressed 450 delegates from across the Northern Territory's vast pastoral industry who had gathered at the annual NT Cattleman's Association conference to hear Dr Chern's thoughts on how Australia, and the Northern Territory, can shore up their economic future within a rapidly changing Asian neighbourhood.

Dr Chern discussed the formidable challenge presented by China and other emerging economies in a highly competitive era of globalization, and spoke of Australia's pressing need to invest in the production of human capital and scientific minds in the same fashion that it pursued production of natural resources.

He cited practices causing difficulties for China's trade partners: piracy of intellectual property, the artificially low value of China's currency, Chinese government subsidies for domestic firms, and onerous local-content requirements imposed on foreign companies to restrict the market for traders from the United States, Australia, and other countries. While holding China accountable for such unfair practices, "the United States and China's other trading and investment partners from Europe through Asia to Australia, should also take note of what China is doing right – its massive investment in research and development, its graduation of half a million engineers every year, its rapid expansion of its university system, its citizens' frugality – and raise their own game in the same areas," Dr Chern said.

"This will mean ensuring that human resources match mineral, energy, and agricultural resources. Like the United States, Australia faces problems in producing enough top scientific talent, and is dissatisfied with its educational rankings vis-à-vis other industrial democracies in Europe and Asia."

He also advised Territorians to take note of the recent proliferation of free trade agreements throughout Asia, particularly South East Asia.

"In the absence of progress in the World Trade Organization's Doha Round of trade talks in recent years, a key trend in East Asia has been the proliferation of free trade agreements – the so-called FTAs – to break down trade barriers and promote economic recovery from the global financial crisis. Masahiro Kawai and Ganeshan Wignaraja of the Asian Development Bank note that the number of FTAs in the region has spiked from three to about 50 in the past decade, with roughly 80 more in train.

"In actuality, such deals are not so much free trade agreements, as preferential trade agreements that discriminate against outsiders and tend to create a regional bloc rather than promoting global trade, as envisioned in the World Trade Organization."

'Advancing and protecting the interests of the cattle producers in the Northern Territory'



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Creating a regional trade bloc would not serve the interest of a vibrant, independent Asia-Pacific, nor of expanding and liberalizing world trade. That is why movement toward a Trans Pacific Partnership, or "TPP" – a regional free trade agreement that will serve as a platform for moving ahead with global trade liberalization – is so significant. Dr Chern commended Australia for hosting the first negotiations for a TPP agreement in Melbourne in March 2010. He urged Australia, the United States, Singapore, and other leading free-trade advocates that join the Trans Pacific Partnership "to balance the strengthening of regional trade cooperation with efforts to drive global trade liberalization through the World Trade Organization."

Closer to home and of acute interest to Northern Territory cattlemen, is Indonesia, which imports 90 percent of the live cattle trade from Darwin.

Dr Chern reminded delegates that it is good human relationships that provide the best foundation for strong economic and trade ties.

"I think it's very important to spotlight how such ties as trade, direct investment, and educational exchange underline the very important personal relationships – the people-to-people ties – which are the foundation of international friendship and understanding. As we trade, and as we live and work together in businesses, neighbourhoods, and schools, we come to understand one another's cultures, and make ourselves truly international citizens.

"To develop our economic and trade ties in a truly comprehensive fashion, we must also develop our cultural ties, which will provide the mutual understanding on which our joint enterprise depends. When I lived in Hong Kong and China, it became clear to me that the American style of coming to town and getting right down to business would not be a productive approach. Rather, you needed to establish a personal relationship, share dinners, spend time, and demonstrate the long-term commitment to convince your hosts that this was not merely a quest for quick profits, but a mission to establish an enduring bond. Learning the customs of your host helped to develop and strengthen that bond."

Speaking specifically about the Northern Territory's live cattle export industry, Dr Chern said now more than ever, while deepening its existing ties with Indonesia, the industry should also cast a steady spotlight on potential new markets in need of food security.

"Looking at cattle from all over Australia, exports to Indonesia for July 2010 to January 2011 were down 45%, compared with the same period a year earlier, and exports to all of Asia were down 41%. For the same period, Australia-wide cattle exports to the Middle East were up 145%. Exports to Turkey, which removed its tariff barriers, spiked from a mere 168 head to over 66,000. Given the concerns among Middle Eastern governments to ensure food security, trade ties in cattle with those nations are worth a closer look. Russia has also more than doubled its take. And within Asia, Vietnam, aspiring to become the next Asian tiger, and dealing with the growing demand for food from an increasingly wealthy population, is looking to source the supply to meet some of this demand, including for beef products, offshore. Although statistics are volatile and trends cannot be easily discerned, in a global age it is worth the effort of expanding the scope of export efforts to test the market worldwide."

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Background information

The Northern Territory Cattlemen's Association Inc (NTCA) is the peak primary industry group in the NT.

It represents 95% of the NT cattle herd – from small family operations to the large corporate organisations. NTCA membership manages more than 2 million cattle, producing more than 550,000 quality animals per year to supply local and overseas markets. In 2008, more than 365,000 cattle were exported live through the Port of Darwin.

Members successfully manage a landmass in excess of 620,000 sq kms, 9.6% of the Australian landscape and 45% of the NT. The pastoral industry generates more than \$400 million in direct benefits for the Australian economy, with flow on benefits worth around \$800 million. The pastoral industry accounts for over 60% of the NT gross value of Agricultural production.

The industry directly provides in excess of 2000 jobs annually. Indirectly it supports around 3000 jobs in related goods and service supply and support industries.

The industry has contributed to the growth of the Territory for almost 150 years. It continues to increase in size, productivity and efficiency while more than 85% of members are active participants in conservation, environmental and Landcare groups.

By area, employment and economic contribution, the pastoral industry is the dominant industry and land steward, with a focus on long-term sustainable production.

For more information go to www.ntca.org.au