

## **Paydirt Media**

### **Latin America Down Under Ministerial Dinner**

#### **Address by the Honourable Kim Beazley AC Governor of Western Australia**

**Wednesday, 15 May 2019**

I would firstly like to acknowledge the traditional owners of the land on which we meet – the Whadjuk Noongar people – and pay my respects to their elders past, present and emerging.

Welcome to you all tonight, particularly our important guests who have made the long journey to be here at this special ministerial dinner in our unique and iconic Kings Park.

Looking out over this wonderful city view, you'll understand why it is one of the State's most popular visitor destinations. This event is a great opportunity to get to know each other better, and to explore the myriad of possibilities that exist between us for thriving business and resource industry relationships and exchanges.

The Latin America Down Under conference organised by West Australian company Paydirt Media, has become the premier forum for Australian-Latin American relations. The focus, as Paydirt puts it, is to highlight what many in the industry see as the “vast untapped potential for Australia's miners and explorers in a largely untapped region full of potential”.

But, of course, importantly this potential goes both ways. Our country looks for opportunities to invest elsewhere as much as we do for opportunities for your countries to invest here.

Historically, Australia's relations with Latin America go back to the very beginning of modern Australia when wheat imports from Chile fed the massive immigrant influx to Australia during the successive gold rushes of the 19th Century.

Back in 1904, our third Prime Minister (albeit for only four months, April-August), John Christian (Chris) Watson was Chilean. Chris Watson headed up the first national labour government in the world as Prime Minister and Treasurer.

Today, Latin America and Australia are all export oriented countries with a strong dependence on the trading of goods and services.

In Latin America, “Brazil is Australia's largest export market by a significant margin, including in tourism, travel and education-related services.” Brazil also “accounts for half Australia's direct investment in the region.”

According to PricewaterhouseCoopers (PwC) predictions, Brazil and Mexico will be in the world's top 10 economies in 2050. This emphasises the importance for us of continued cooperation and engagement with Latin America.

Australia has Free Trade Agreements with Chile and Peru and is currently in negotiations for a Free Trade Agreement with the regional trading bloc known as the Pacific Alliance (Chile, Colombia, Mexico and Peru).

The economic relationship between Australia and Latin America is further strengthened through the Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTPP) of which Australia, Chile, Mexico and Peru are signatories.

I must say when I was Ambassador to the U.S. I enjoyed working on the Trans-Pacific Partnership Agreement (TPP) with my counterparts from Chile, Mexico and Peru. We were involved in intense lobbying in Congress in particular. It was a tragedy when the U.S. pulled out of an agreement of which they were the main beneficiaries.

It was a great achievement when the rest of us successfully concluded it. It was a seminal moment in our relations with Latin America because it is a first class trade agreement. It shifted our thinking to the value of relationships in the region. It is an avenue now for nations globally to enter our region. Probably the only way in for an 'out of EU UK'

It is important though to note a contemporary free trade recession. This is a road to global wealth reduction.

The CPTPP provides direct benefits to all signatories. For Australian resources companies, the benefits are in the form of reduced tariffs on exports of goods, greater access for Australian services in the Latin America market, reduced trade costs through more streamlined customs and administrative arrangements, and greater certainty and stability around two-way investment links.

For the Latin American countries the benefits are more investment in exploration, to partnerships with local companies in developing projects, to operational mining activities.

These are the parallels that draw us together and place both of us in such an exciting position because the industry underpins much of our modern global communities.

The Council of Australia Latin America Relations works to further enhance Australia's economic, political and social relations. It is encouraging to see increasing cooperation in priority areas of business, education, sustainability, tourism and cultural promotion.

Australia maintains a strong business presence in Latin America with many companies in operation. 41% of which were recorded to be from the mining sector in 2017. Most located in Chile, Mexico and Brazil.

With this in mind, among other things, Australia, Western Australia in particular offers critical and world leading mining expertise and education services that can drive Latin America's opportunity towards realisation and its utmost potential.

I am encouraged by the Memorandum of Understanding signed by the Honourable Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Industrial Relations with Argentina. This agreement will increase opportunities for collaboration and will help our State to build a stronger mining and resources relationship with Argentina.

There are many diverse components at play for our respective regions to navigate and bring stability, prosperity, opportunity and engagement to the table, including that pertaining to the all-important mining and resources sector.

Coupled with the enormous changes evolving in the current fourth industrial revolution, we are going to see massive transformation across industries with particularly extraordinary impacts on industry efficiencies, productivity, yields, and ultimately profitability.

The world is increasingly more connected and, I believe, reliant on outreach; extending ourselves across oceans and continents to maximise mutually beneficial opportunities.

In Australia's foreign relations there is an increasing component of such outreach. That has always been there in our policy but now as the post-World War Two order has changed, outreach has become for us, an imperative.

That same outreach is evident here, in Western Australia, my home State. We are definitely an outreach State; we are a State with heavy engagement with the region around us. We have more heavy engagement on exports and more heavy engagement in what you might describe as "out of area".

The State overall rises when we are actively, globally engaged. The same rings true for the Latin American countries represented at this conference.

Western Australia is the fourth industrial revolution's "minerals generation State" and we have much to offer the Latin American region.

This is the best place to do skills expertise training in mining and resources because we are a world industry leader in those fields, as well as in sustainable mining practice. We do it best – from the ground up. There is just no point in seeking to do that in the Eastern States.

We are the mining State and continue to lead the way as Australia's premier resources investment destination.

Latest figures from the WA Department of Mines, Industry Regulation and Safety show that last year we had a bumper year in our mineral and petroleum industry.

We reported record sales of more than \$127 billion for 2018, with the bulk coming from higher LNG volumes and prices. In our resources sector, mineral commodities still dominated with 72%, or \$92 billion in sales, with iron ore accounting for 69% of mineral sales and 50% of overall sales.

Gold, aluminium, bauxite and nickel all increased sales as well last year. This was despite the fact that, globally, political tensions were a cause for concern in commodity markets.

In this sector we share much with your countries. For instance, in the global quest for sustainable, renewable energy, a key ingredient is lithium for electric cars and batteries.

As it happens, the world's largest holders of reserves for lithium are Chile, Australia and Argentina with Western Australia the largest lithium producer since 2013, thanks mainly to our four lithium producing mines.

A brief overview of where we are at currently shows that WA accounts for 41% of global production. In 2016-2017 we exported 866, 422 tonnes of products containing lithium. According to Ironfish, the five largest lithium mines in Western Australia have a project value of \$2.8 billion.

Western Australia is enhancing its value in the lithium-ion battery supply chain through the development of lithium hydroxide plants. Earth works began early this year on a lithium hydroxide plant, the Albemarle Kemerton Plant at Kemerton near Bunbury.

The first lithium hydroxide plant is under construction in the Kwinana Industrial Area, less than an hour's drive south from here. Downstream processing of lithium has the potential to deliver \$2.2 billion in investment to our State, along with significant employment opportunities.

I am aware however, that Chile has ambitious plans to return to the lead lithium market position, with some estimates predicting that could happen by 2021.

Nationally, Australia has some of the world's richest stocks of critical minerals including rare earth elements, cobalt and manganese, all with high geological potential. Like Latin America, where these critical minerals and rare earth elements are also in abundance, we are seeing their growing significance.

This is demonstrated more and more in their increasing global use in areas such as the manufacture of computers, mobile phones, solar panels, defence industry products, and many other high-tech applications.

As such, both Australia and Latin America are well placed to capitalise on the rising global demand for secure supplies of these critical minerals.

We share an audience of countries, big and small, looking directly at our industry performances – at the track records and developments for future signals and directions. Because of this, we have unparalleled avenues to listen and learn from each other.

The question then for all of us is really about saying, 'Here we are, what can we do for each other? How can we help?'

This approach, while slightly at odds perhaps with standard commercial purposes, allows for an enormous combination of favourable circumstances to evolve, with benefits to every level of the industry.

Let's take the example where Australian companies are looking to take up opportunities in Latin America. Here, perhaps, one of the biggest challenges I understand is to not underestimate the impact that communities have on the ability to do work.

It is essential to start out on the right foot with community engagement and groundwork that encompasses sustainable purpose from all angles; culturally, environmentally and economically.

There is a lot to achieve by bringing new ideas and methods with an element of patience to negotiations for successful outcomes. From all of our perspectives it is about building relationships. People from all our countries expect and want that.

From another perspective, our national industry rules and regulations and experience have provided extensive models for countries to write up their own mining industry legislation. Australia, and importantly WA, has a lot of practical expertise around this, as well as best practice technical, safety and skills training.

It is in this large area of education and training where we can and do assist. Nationally, I am advised by Austrade that there has been a huge 90% increase in Latin American student enrolments in the past five years, with the region becoming increasingly important for Australia's international education sector.

In fact, Brazil and Colombia are both now in the top ten source countries for international students, with enrolments from the region growing particularly strongly in the Vocational Education and Training (VET) and English Language Intensive Courses for Overseas Students (ELICOS) sectors.

This growth, coupled with increasing institutional partnerships and research collaboration, has drawn renewed attention to Australia's education, training and research relationships with Latin America.

I am aware that a key goal of Australia's National Strategy for International Education 2025 is to embrace new opportunities to grow our engagement and diversify our education offerings to the region.

In pursuit of this, I'm particularly keen in my role as Governor to push WA's barrow. Our share of that national growth figure I mentioned earlier was just 7%. Last year, WA had just over 4300 enrolments, only a 5.5% share of the region's total Australian enrolments.

There is an obvious door to be opened very widely here to attract many more Latin American students to our world class tertiary institutions and education centres. There is a clear mutual benefit in promoting this.

In reverse, there are very good reasons too for Australian companies to be looking at growing their presence in the Latin American resource industry market.

There are promising exploration opportunities not just for the established major miners, but for junior Australian companies, including those from West Australia. In fact, it is those smaller companies that the industry says are set to play an important role in establishing new frontiers in Latin America.

For instance, Austrade points to the fact that Australian investors are taking a lead role in developing the region's lithium triangle, the region of high-altitude brine lakes that span Argentina, Chile and Bolivia.

Australian expertise in mining is widely known and regarded. As such there is increasing demand to be a key producer of what is now commonly referred to as the “white petroleum”.

It is also true that Latin American companies are starting to penetrate our Australian mining sector, particularly in the construction and maintenance of coal mines and with their experience in seismic technologies.

The future benefits to be gained by our resource industries stem from transparent and rigorous discussion and exchange. Discussion that brings new ideas and new ways forward for better scales of economy, leading to more commercial, community and social successes.

As markets shift from cost minimisation to mine optimisation, we have a lot to share between us to find solutions to improve production, raise operational standards and practices, as well as better positioning ourselves for further growth. We all need to effectively capture opportunities for successful market entry and expansion strategies.

Forums such as this conference are a unique and valuable way to do this through our shared mining activity connections. It offers unrivalled access to people at many levels across industry and government to build potential and ambitious partnerships. It helps share current and critical information and prospects relevant to our dynamic regions. It is about that important outreach work I spoke about earlier.

Doing business together has built bonds across many aspects of our international relationships. Trade and investment between Latin America and Australia is vital to the prosperity and security of each and every one of our countries.

I want to see those ties grow – particularly with Western Australia – and extend into the emerging industries as we progress into this new era of renewables and a more sustainable global industrial environment.

It does come down to those simple questions: “What can we do for each other? How can we help?”

I will be frank here. The truth is we have not given much thought to our relationship with Latin American countries. When we have it has usually been as competitors in the resource and agricultural industries. I remember cabinet debates on language policy in education. Always the paper before cabinet recommended focus on five languages – Mandarin, Japanese, Bahasa Indonesia, German, and Spanish (sorry Brazil). This was the neighbourhood, engineering and the market. Always it would be derailed as ethnic Australians demanded attention to their original languages and the teachers of French went angry.

That calculation on Spanish was about the Latin American market. As free trade fascinated us, we understood mining and agriculture in Latin America offered opportunities for collaboration to grow markets. That is what you are all about and I thank you for it.

We need our friends in many places and we need an understanding of many places.

I wish you well in your conference discussions and agenda tomorrow, and I hope that those of you who are here as our important visitors and guests also get some time to explore our wonderful city and enjoy its spectacular surrounds before you leave.