

CUMMINGS ECONOMICS

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5th August 2016

The Hon Steven Ciobo MP
Minister for Trade, Tourism and Investment
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

Re Comprehensive Economic Partnership Agreement with Indonesia

The purpose of this letter is to remind you of the significant trade and business contact with Indonesia that takes place out of Cairns to the Freeport McMoRan mine in Papua Indonesia.

Cargo is concentrated in Cairns from all over Australia by road and rail and shipped to supply the mine. Most of the cargo is high value manufactured goods. A number of firms in Cairns are suppliers and the trade is important in supporting the role of the port of Cairns in general cargo shipping to remote communities across northern Australia.

Over the years, the trade has reflected the competitiveness of Australia as a supplier compared with suppliers from other countries. The business community in Cairns has been close to and concerned to see the trade continue, including at one stage opposing moves by Australian unions that would have jeopardised its continuation.

The period of the very high dollar 2010 to 2013 was damaging to the trade which has reduced from levels of the order of \$300m per annum, to something like \$180m per annum today. However, we have also been concerned about reports that the trade was being affected by protectionist sentiment in Indonesia resulting in diversion to supply of some types of goods from within Indonesia.

Over the years, the sea trade has been paralleled by the company's air services into Cairns that brought additional business to the city. I believe that to fly to the mine, it is now necessary to fly from Cairns to Bali, an extra 2500 km to the west of the mine and then return to the mine, a total trip of 6000 km compared with 1600 km direct from Cairns.

Could I suggest that in your negotiations with the government of Indonesia, if you are not already fully aware of it, you keep this important point of contact and business and the strong interest of sections of the Cairns business community in mind.

Yours faithfully



W S (Bill) Cummings
Principal