Senate Foreign Affairs, Defence and Trade References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into Opportunities for strengthening Australia's relations with the Republic of France
24 June 2020

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Bilateral trade and investment

REFERENCE: Question on Notice (Hansard, 24 June 2020, Page number)

QUESTION No.: ROF-2

Senator ABETZ: I do, thanks, Chair. Thank you for your submission. I was wondering if you could flesh out for us—and, if need be, on notice—something from your opening statement. Are you able to flesh out the five points that you made in your opening statement? You fleshed out one particularly well with the chair, in relation to space and matters there. But I'm just wondering what sorts of things you consider as being involved in expanding the bilateral trade and investment opportunities? And what are the critical minerals to which you referred et cetera? Could you take us through some of those issues, please?
Mr Squire: Certainly, Senator. I'll tackle the first part of that question and then ask my colleague, Jess Robinson, to talk about the critical minerals element of it. We'll come back in written form to the committee with some more detail around the specific opportunities that we see on the trade and investment side in terms of our interest in specific commodities. As you would appreciate, that will be from a portfolio perspective. I don't wish to leave the committee with the impression that we don't think there are big opportunities in education or tourism, but our response will focus on our interests across the resources, energy, innovation and science side as well. So on the critical minerals, Jess?
Ms Robinson: Thank you, Senator. I'm head of the newly established Critical Minerals Facilitation Office. I wonder whether it might be helpful for me, like my colleague from the Australian Space Agency, just to give you a high-level scene-setter in terms of what the role of the office is? But if you're already across that I'll move straight into the opportunities for collaboration.
Senator ABETZ: First of all, you could tell us what minerals you think we're talking about. I'm looking at pages 10 and 11 of your submission, where it talks about the critical minerals. Other than rare earths, we're not given actual details as to what we're talking about. So which minerals and what are the prospects?
Ms Robinson: Absolutely. It might be helpful if I provide some of the details of the specific minerals in writing, because they're quite complex—
Senator ABETZ: Yes, please.
Ms Robinson: and my pronunciation of them is not always spot on. Broadly—and obviously—in Australia we have huge critical mineral potential. With respect to being able to supply France's critical mineral needs, we rank quite highly on around seven of the critical minerals which the EU has identified as particularly important. Those are the seven that I will send across. They do include rare-earth elements but they also include things like tungsten, vanadium, graphite, magnesium and gallium. So those are a couple of the more well-known minerals.
The opportunities for Australia are quite significant in terms of being a key source of supply for France. That's as Europe, as part of the European Green Deal, looks to source more responsible and sustainable sources of critical minerals and raw materials to service their growing electric vehicle market and to support their development of the renewable energy sector. Many of these minerals, including rare earths, are really important inputs into the development of new energy technology, so it's a huge opportunity for Australia. In fact, France is the fourth-largest importer of rare earths. I

think it's fair to say that the majority of that would be sourced from China at the moment, as the monopoly provider in rare earth, and France is very keen to look to diversify its sources of supply for that type of material.

ANSWER

Bilateral Trade and Investment

The Australian Government is progressing its trade relationship with France and other European Union (EU) member states through the Australia-EU Free Trade Agreement (A-EU FTA) negotiations. An FTA with the EU has the potential to open up a market for Australian goods and services of 500 million people and a gross domestic product (GDP) of USD 17.3 trillion.

Australia's major merchandise exports to France are in aerospace, mining equipment and resources. Significant potential remains to boost these exports where possible through achieving key outcomes in the A-EU FTA, but also for Australian exporters of automotive parts, machinery, critical minerals, plastics and processed food.

Furthermore, there are export opportunities being explored in advanced manufacturing and high-performance metals, such as exports of carbon-fibre and high-strength aluminium alloy auto parts products, which are being supported by the industry-led Advanced Manufacturing Growth Centre (AMGC).

The AMGC initiatives for the export opportunities mentioned above are consistent with the Government's objective of strengthening Australia's manufacturing industries through embracing new technologies and developing high value-added products and services for the global marketplace.

Critical Minerals

The EU lists 27 raw materials as critical due to risks of supply shortages and their impacts on the economy being higher than those of most other raw materials. The full list of the EU's critical raw materials is at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017DC0490.

As outlined in *Australia's Critical Minerals Strategy 2019* (page 6), Australia has high potential to supply nine of the minerals the EU considers to be critical: cobalt, gallium, germanium, hafnium, indium, platinum-group elements, rare earth elements, scandium and tantalum. Australia also has moderate potential to supply a further eight of the minerals the EU considers to be critical: antimony, beryllium, bismuth, graphite, helium, magnesium, tungsten and vanadium. Geoscience Australia undertook the geological assessment for the potential to supply these minerals.