



THE HON DR CRAIG EMERSON MP

Minister for Trade and Competitiveness
Minister Assisting the Prime Minister on Asian Century Policy

The Rt Hon Dr Vincent Cable MP
Secretary of State for Business, Innovation and Skills
1 Victoria Street
LONDON SW1H 0ET

Dear Dr Cable

I am writing in response to the call for submissions to the Balance of Competences Review launched by Foreign Secretary William Hague on July 12, 2012. Specifically, I wish to provide comments for consideration in the European Union (EU) internal market review, which is being led by your department.

As your department's call for evidence states, greater European integration through the internal market brings economic gains for participants in many ways, such as through the removal of trade barriers, encouraging competition and economies of scale. EU member states can attract more investment than they would as individual economies as investors gain access to the whole EU internal market. The UK for example attracts strong Australian investment partly due to our long-term links but also because of the UK's position in the EU market. The internal market, with its objectives of free movement of goods, persons, services and capital, therefore brings great benefits to the economies of Europe and the UK.

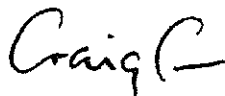
The EU internal market benefits from the UK's presence because of the UK's economic strength and influence on policy. The UK and Australia share similar approaches in many areas of economic policy, particularly trade, and I consider the UK a positive advocate for sound economic and trade policies within the EU. In particular, we share common views on the need for reform of the Common Agricultural Policy and, more broadly, on market-based approaches to global food security.

The UK's influence on EU policy is also important in the context of the EU's role in international forums. The UK, as a major global economy, would undoubtedly remain a key player in these organisations regardless of EU membership, for example in the G20. However, through its membership of the EU, the UK can leverage its influence even further. I see this as particularly important in advancing multilateral trade liberalisation in the World Trade Organization.

As well as benefiting Europe and the UK, the UK's participation in the internal market benefits Australia. Australia and the UK have an extensive economic and trade relationship, the UK being Australia's largest export and investment destination in Europe. The economic advantages from internal market membership mean a stronger UK economy, with flow-on benefits to Australian businesses. Australia's strong links with the UK allow Australian businesses to use the UK as a platform for trade and investment in the broader EU market.

I encourage the UK to maintain its influence by remaining an engaged participant in all aspects of the EU internal market.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Craig Emerson', with a stylized flourish at the end.

Craig Emerson