

Oil refinery 'not a bargaining chip'

Press
13/11/87

By BRENDON BURNS
in Sydney

The Marsden Point oil refinery had not become a bargaining chip in trade with Australia, said the Minister of Trade and Industry, Mr Caygill, yesterday.

Mr Caygill was in Sydney for the Australia-New Zealand Business Council conference on closer economic relations.

After addressing the conference on Wednesday, he had briefed the Australian Minister for Trade Negotiations, Mr Duffy, on the problems created for C.E.R. by the heavily protected Whangarei refinery.

The briefing gave rise to suggestions by some business leaders at the conference that Australia could use loss of fuel exports as a bargaining lever with New Zealand.

Lamb exports to Australia remain blocked by industry agreement and dairy trade from New Zealand's more efficient producers is limited.

However, Mr Caygill denied that leverage was being applied by Australia, with continued protection being allowed for Marsden Point in return for a deal involving New Zealand primary products.

"There are no trade-offs of that kind suggested," he said.

"We're not on the spot with the Australians."

Mr Caygill said he had taken the opportunity to brief Mr Duffy, new to his Ministerial portfolio, on the planned deregulation of the New Zealand petroleum industry.

Mr Duffy had said that the Government guaranteed Marsden Point refinery and synthetic fuel plant was causing Australia to lose about \$300 million a year in fuel exports to New Zealand.

Closing Marsden Point had been mentioned by Mr Caygill as an option, he said.

Mr Caygill said yesterday that deregulation was designed to allow competition from imported fuel.

The Australian industry did not care if Marsden Point closed.

"We do care about that."

However, he has said this decision would be up to the refinery's oil company consortium of owners once deregulation took place.

At the moment, there was no incentive for the oil companies to buy cheap crude oil as they bought fuel through a pool account, said Mr Caygill.

"That's a cost to the New Zealand motorist that we don't need."

The Government was pursuing discussions with the oil companies.

Mr Caygill said the Government hoped to avoid imposing a special arrangement within the C.E.R. relationship to protect Marsden Point from overwhelming import competition.

However, he believed a special arrangement would be required.

Tariffs and quantitative restrictions were barred under C.E.R. but the C.E.R. agreement did allow safeguard action to protect an industry. This could be imposed without Australian consent.