New report: Australian mining industry no longer competitive

The mining boom is under threat from increased international competition and high local costs, according to John Shipp, Director of the ANDEV/IPA North Australia Project.

Mr Shipp’s warning came in response to a Minerals Council of Australia report showing that the minerals sector is losing out to increased competition from other minerals exporting regions like Brazil and West Africa.

The report shows that iron ore projects in Australia are up to 75 per cent more expensive to build than in West Africa.

‘The warning signs for these problems have been there for over two years,’ Mr Shipp said.

‘ANDEV was among the first to bring public attention to growing competition from Brazil and Africa in the minerals sector.’

Mr Shipp said governments should have spent the last few years making business easier for the resources sector, but instead they have put in place added risks and imposts.

‘While our competitive advantage has slowly eroded, the government has been making things worse by introducing new taxes and regulations, like the mining and carbon taxes.’

‘We used to be able to hide behind shorter distances to our major Asian trading partners, but that comparative advantage is being eroded by investment in infrastructure and shipping by other commodities exporters like Brazil,’ Mr Shipp said.

‘To improve our competitiveness, we must increase productivity and make investment more attractive.’

Mr Shipp renewed his call for a Northern Special Economic Zone to ensure Australia remains competitive.

‘It’s time for government to make investment in major projects more attractive by implementing a Special Economic Zone in North Australia,’ Mr Shipp said.

‘We have to turn our attention to the opportunities for development that exist in North Australia through policy ideas such as a low-tax, low-regulation Special Economic Zone,’ he said.

The North Australia Project is a joint project of Australians for Northern Development and Economic Vision and the Institute of Public Affairs. For more information visit www.andev-project.org.

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