

Submission to the Joint Standing Committee on Treaties

Australia-United States Free Trade Agreement

About the Peanut Company of Australia

The Peanut Company of Australia (PCA) is Australia's leading supplier of peanuts to domestic and overseas customers, processing more than 40,000 tonnes of produce per annum at a value of more than \$60 million.

Established in 1924 as the Peanut Marketing Board, PCA today is a public unlisted company supported by over 1000 shareholders and more than 250 peanut growers throughout the country.

PCA was a strong supporter of the negotiation of a free trade agreement with the USA because we considered that we had no other realistic opportunity to break down the high walls of protection surrounding the US market.

Despite some progress in liberalizing world agricultural trade through the WTO, Australia has had no share in the 73 thousand tonne quota for imports into the highly protected US market.

Still today we face prohibitive out-of-quota tariffs in the USA of 155% (for shelled) and 192.7% (for in-shell) nuts that leaves us unable to compete with products from Argentina, China or the strongly supported US producers.

Australia's protection for peanuts comprises a tariff of 5% (or 4% for products from developing countries).

New export opportunities

As a result of the Agreement with the USA – assuming it is ratified – Australia will win access for the first time to the US market for 500 tonnes of peanuts at duty-free rates. This volume – which will grow at an accumulating rate of 3 percent for 17 years -- represents an increase of approximately 10% in PCA's exports of peanuts in 2001-2 with a sales value of approximately \$US0.5 million.

Despite the progressive elimination of the prohibitive out-of-quota duty rate over 18 years, the size of the duty (164% on un-roasted nuts in shell and 132% on blanched nuts) on means that Australian exports are likely to be constrained to the quota volumes only for the entire 17 years before free trade on unlimited quantities of peanuts is reached in 2024.

We support ratification

As Australia's largest supplier, PCA will be working to secure as much of the available access as possible. Although the present value of the quota over the next 18 years is only

\$US3.5 million, the benefits of this new opportunity will be felt throughout our Company and by our shareholders and growers around Australia.

We support ratification of this Agreement.