



13 November 2014

Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100, Parliament House
Canberra ACT 2600

Via email: fadt.sen@aph.gov.au

Inquiry into: the Customs Amendment (Japan-Australia Economic Partnership Agreement Implementation) Bill 2014 and Customs Tariff Amendment (Japan-Australia Economic Partnership Agreement Implementation) Bill 2014

The Australian red meat and livestock industry is supportive of the Japan-Australia Economic Partnership Agreement (JAEPA) - which upon entry into force will deliver preferential trading advantages.

Under the JAEPA, the tariffs on frozen Australian beef entering Japan will drop from 38.5% to 19.5% over 18 years (with an 8% cut on entry into force (EIF)), while the tariffs for chilled beef will fall from 38.5% to 23.5% over 15 years - including a 6% cut on EIF.

Whilst falling short of the beef industry's tariff elimination objective, modelling suggests that the negotiated tariff reductions will benefit Australian beef export sales by around \$5.5 billion over 20 years and deliver an increase in the annual gross value of Australian beef production by up to 7%.

In addition, the binding of sheepmeat tariffs at zero provides certainty for this burgeoning trade, whilst the reduction of tariffs applicable to live cattle is a move in the right direction.

Given the above outcomes, the Australian red meat industry endorses the recent Joint Standing Committee on Treaties Report (#144) which recommends that JAEPA binding treaty action be taken.

The two JAEPA Bills which are the subject of this inquiry - the Customs Amendment (JAEPA Implementation) Bill 2014 and Customs Tariff Amendment (JAEPA Implementation) Bill 2014 - should therefore be passed without delay - thus ensuring the regulations to implement JAEPA proceed unhindered.

Given the Japan Diet has ratified the Agreement, passing the Bills could see JAEPA EIF secured early in 2015. In so doing, there is the possibility that Australian beef will be advantaged by two tariff cuts next year. EIF in the period January-March 2015, for example, will deliver the first tariff cuts on beef (as above) with the second tariff cuts (1% chilled and 2% frozen) due on 1 April 2015 - coinciding with the commencement of the Japanese fiscal year. This will provide a significant preference to Australian beef over other imported beef in Japan.

The JAEPA is critical to the long term positioning of Australian red meat, with a more liberalised import regime in Japan providing a welcome boost in an environment characterised by increasing competitive pressure. The judicious completion of domestic legislative requirements is essential if the advantages from JAEPA are to be realised in a timely manner.

Yours sincerely

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