



30 August 2022

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House Canberra ACT 2600

Re: Australia-India Economic Cooperation and Trade Agreement (IA-ECTA)

Dear Sir/Madam,

This submission is made by the Australian Nut Industry Council the federation of the seven Australian tree nut producing industries: Almonds, Chestnuts, Hazelnuts, Macadamias, Pecans, Pistachios and Walnuts. The submission is supported by each of the ANIC member industries.

Executive Summary

The Australian Nut Industry fully supports phase 1 of the AI-ECTA. The elimination of some tariffs on Australian nut exports to India will significantly increase the export opportunities for the expanding Australian nut industry.

It is of vital importance that this Treaty enters into force during 2022 to allow two quick steps downward of some the very high tariffs such as 30% on macadamia nuts to allow for a reduction of 4.2% immediately and a further 4.2% on 1st January 2023. It will also allow shipments in 2022 of almonds which would not impact the 2023 quota.

Whilst some nuts have been excluded from the Phase 1 Treaty, and hopefully will be reconsidered in Phase 2, the tariff reductions obtained in this Treaty are a significant achievement and should be endorsed by JSCOT.

Expanding Australian tree Nut industry

Capital and expertise have combined to drive the expansion of area under nut cultivation in Australia. The industry is now a mixture of large 'corporate' farms and medium to small-sized family farms.

Tree nut production in Australia is dominated in scale by almonds and macadamias. Almonds represent more than 50% of the total area planted and the tonnage produced. The macadamia, the iconic native species of Australia, accounts for approximately one third of both areas planted and tonnage produced.

In 2022, the farm gate value of the industry reached over \$1.3 billion. This represents a 300% increase in the last decade. This value is forecast to increase by 50% by 2025, and a further 15% on that by 2030 to a farm gate value of \$2.1 billion.

Nut growing converts land from these other crops with relatively lower financial returns per hectare to intensive crops with a high return per hectare of land and very high returns per megalitre of water used.

Australian nut exports for FY2022 were \$1 billion. This will increase to well over \$2 billion pa by 2030, with the support of free trade agreements. The Australian nut industries need additional market opportunities provided by free trade agreements such as AI-ECTA

India-Australia Economic Cooperation and Trade Agreement

The IA-ECTA agreement has provided a 50% reduction in the Indian tariff on almonds with a 34,000-tonne p.a. quota, with the elimination of all tariffs on macadamias, hazelnuts, chestnuts, and shelled pistachios over seven years. Walnuts, pecans, and pistachio inshell have been excluded.

These tariff reductions will provide better opportunities for the exports of Australian nuts particularly almonds and macadamias.

Australia's nut exports to India

	2018	2019	2020	2021	2022
\$Am	145	112	53	95	112

Most of the nut exports to India have been almonds with small quantities of walnuts and pistachios.

Removing half the tariff on Australian almonds will improve competitiveness of Australian almonds and will hopefully reduce consumer prices, increasing demand. As India produces no almonds it difficult to understand why 100% of the tariff was not removed. This will be a topic for Phase 2 of the negotiations.

The removal of the macadamia tariff, albeit over 7 years, will provide the opportunity for Australian macadamias to enter the Indian market. India has a substantial market for nuts but has not previously encountered macadamias. The current 30% tariff makes macadamias too expensive for Indian consumers. The removal of the tariff will allow the Australian macadamia industry to introduce this nut into the Indian market over the next few years. India will become a new market for the new macadamia trees already planted but not yet in production.

Australian production of hazelnuts and chestnuts, whilst expanding is small, with the removal of the Indian tariffs will provide export opportunities in the future.

Walnuts were not included in the Phase 1 round. There is production of walnuts in Kashmir and hence are regarded by India as 'sensitive'. The Australian walnut industry is working with its Indian counterparts to establish joint programs and networks to enhance both industries and in doing so establish that the small Australian industry is no real threat to the Indian industry.

There are no pecans grown in India, so it is not clear why they were excluded from Phase 1. Pecan production is currently small in Australia although expanding. ANIC will argue that pecans should be included in the Phase 2 negotiations.

Inshell Pistachio were excluded in Phase 1 whilst shelled pistachio were included. Australia produces few pistachios shelled – its production is 85% inshell. Despite best efforts, no Indian pistachio industry has been found except reports of isolated trees. ANIC will argue that pistachio inshell should be included in the Phase 2 agreement.

ANIC fully supports Phase 1 of the AI-ECTA and acknowledges the effort required to bring this to fruition. ANIC urges JSCOT to support this treaty and ensure its entry into force before the end of calendar 2022. The treaty will allow the nut group marketers to exploit this change to increase the sale of Australian nuts.

Yours sincerely



Cathy Beaton
Executive Officer
Australian Nut Industry Council