



AUSTRALIAN RED MEAT INDUSTRY

18 March 2022

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

Via email: jsct@aph.gov.au

Inquiry into the Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland

I am writing on behalf of the Australian red meat industry¹ in response to the Joint Standing Committee on Treaties inquiry into the Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland (A-UK FTA).

Our industry is strongly supportive of the A-UK FTA outcome – with industry’s objective of securing liberalised trade to the UK for red meat products to be ultimately delivered.

For Australian producers and exporters, the FTA will enable our industry to be better placed to help supply some of the UK’s import requirement for beef, sheepmeat and goatmeat. While Australia and the UK have a long history of trade in red meat, access to the UK has been highly restricted under the previous European Union (EU) import regime and subsequently via the UK’s post-Brexit import arrangements. Unfortunately, these regimes effectively stifled Australia’s ability to respond to growing UK consumer demand for high quality imported red meat.

The A-UK FTA redresses this low volume, high tariff rate import construct - with access to the UK for beef and sheepmeat from entry into force of the agreement exceeding the available annual access the Australian industry has had to the EU / UK for the past 50 years.

Future trade via the FTA will also be more streamlined and freer of burdensome costs that ultimately disadvantage both Australian and British supply chains, as well as British consumers. The FTA also represents an opportunity to support both production and processing jobs, for Australian and British exporters to further diversify markets as well as demonstrating both countries commitment to rules-based, open trade.

The outcomes of the A-UK FTA for Australian red meat are detailed in the chapter text and associated documents released by the Australian Government (DFAT). Specific red meat highlights include:

Beef

- Australia’s existing beef quota to the UK comprises 3,761 tonnes with a 20% in-quota tariff and prohibitive above quota tariffs
- under the FTA, additional new duty free quota access will be granted commencing at 35,000 tonnes and rising in equal instalments over 10 years to 110,000 tonnes; the above quota tariff remaining at the most favoured nation (MFN) or global rate
- these quotas / above-quota tariffs will be eliminated after this 10 year transition

¹ Red Meat Advisory Council; Australian Livestock Exporters’ Council; Australian Lot Feeders’ Association; Australian Meat Industry Council; Cattle Council of Australia; Goat Industry Council of Australia; Sheep Producers Australia; Meat & Livestock Australia; Australian Meat Processors Corporation; Australian Livestock Export Corporation

- in the subsequent 5 years a safeguard will apply on beef imports exceeding a further volume threshold rising in equal instalments to 170,000 tonnes (and at the end of year 15 no safeguard provision will apply). If triggered, imports will incur a tariff safeguard duty of 20% for the remainder of the calendar year.
- [NB this safeguard mechanism (and similarly that for sheepmeat), were provisions requested by the UK Government as it transitioned to a liberalised import regime.]

Sheepmeat

- Australia's existing sheepmeat / goatmeat quota to the UK comprises 13,335 tonnes with a 0% in-quota tariff and prohibitive above quota tariffs
- under the FTA, additional new duty free access will be granted commencing at 25,000 tonnes and rising in equal instalments over 10 years to 75,000 tonnes; the above quota tariff remaining at the MFN rate
- these quotas / above-quota tariffs will be eliminated after this 10 year transition
- in the subsequent 5 years a safeguard will apply on sheepmeat imports exceeding a further volume threshold rising in equal instalments to 125,000 tonnes, (and at the end of year 15 no safeguard provision will apply). If triggered, imports will incur a tariff safeguard duty of 20% for the remainder of the calendar year.

Goatmeat

- No new goatmeat specific FTA quota was established by the FTA - rather the MFN above quota tariffs applicable to goatmeat will be eliminated via equal instalments over 8 years
- during the transition period, goatmeat will continue to access the existing Australia specific shared sheepmeat / goatmeat quota (13,335 tonnes) at 0% in quota tariff.

Other red meat products

- The FTA also delivers a liberalised outcome on a range of other product lines via binding existing tariffs at 0%, or eliminating tariffs on entry into force or via a transition period. This includes live exports, red meat offals, further processed / value added meat products and skins and hides.

Independent modelling by the Centre for International Economics estimates the value of the A-UK FTA for the Australian beef and sheepmeat / goatmeat sectors alone could amount to A\$6.9 billion over the next 22 years (cumulative present value terms) ie a direct benefit to employment and businesses.

Additional FTA provisions

Whilst the above benefits primarily relate to the negotiated outcomes for the trade in goods (Chapter 2), the FTA also contains a number of additional trade facilitating / co-operation provisions encompassing:

Chapter 5: Customs Procedures and Trade Facilitation

- a reduction in costs and red tape by making it simpler for traders to prove the originating status of their goods
- faster timeframes for customs clearance to provide greater certainty to exporters.

Chapter 7: Technical Barriers to Trade

- commitments to ensure technical barriers to trade do not discriminate or create unnecessary obstacles to trade.

Chapter 25: Animal Welfare and Antimicrobial Resistance (AMR)

- provisions on animal welfare and AMR that commit both parties to cooperate and exchange information, whilst affirming both parties rights to regulate and establish their own policies / priorities for animal welfare protection.

Overall, the A-UKFTA will not only encourage new commercial opportunities, it will also secure increased preferential export access, thereby helping to ensure the sustainability and resilience of our sector this decade and beyond.

The Australian red meat industry therefore recommends that the Joint Standing Committee on Treaties endorses the A-UK FTA – and that binding treaty action be taken without delay. A subsequent expedited entry into force of the agreement will help ensure the aforementioned gains are realised in a timely manner.

Yours sincerely

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