



16th December 2024

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

Correspondence via email: jsct@aph.gov.au

Dear Committee,

RE: Comprehensive Economic Partnership Agreement between Australia and the United Arab Emirates

The National Farmers' Federation (NFF) welcomes the opportunity to make a submission to the Joint Standing Committee on Treaties inquiry into the Comprehensive Economic Partnership Agreement (CEPA) between Australia and the United Arab Emirates (UAE).

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

On the 6th of November the NFF publicly welcomed both the signing of the CEPA as well as the Memorandum of Understanding concerning Investment Cooperation in Food and Agriculture.

The NFF recommends the ratification of both by parliament.

The importance of trade to Australian agriculture

As a trade exposed industry, the success of Australian agriculture is directly linked to our international marketing opportunities. In 2022-23 agricultural exports comprised \$83 billion, with more than 70% of total production exported.

Ensuring a rules-based trading system is vitally important to Australian agriculture. Our sector has significantly benefited from commercially meaningful market access arrangements that allow us to compete in important global markets, often against highly subsidised competitors.



Progress in liberalising multilateral trade via the World Trade Organisation has largely stalled. Hence, both bi and multi-lateral trade agreements now afford the most immediate avenue to improve the trading environment for Australian goods and services.

From a whole of sector perspective, Australia's existing interwoven web of trade arrangements, puts upward pressure on the farm gate prices received by our producers and improves their resilience to individual shocks in markets.

We consider the CEPA another important addition to this arrangement of trade agreements.

CEPA - Goods market access

As outlined in the impact analysis, Australia exports \$950 million worth of food and agricultural products to the UAE (annual average 2019 to 2021) and has a favourable reputation for being a safe and reliable supplier. The CEPA will eliminate tariffs on over 99 per cent of Australia's exports to the UAE by value, with most tariffs eliminated on entry-into-force or locked in at zero, and others eliminated over three or five stages.

With the exception of culturally sensitive goods, numerous agricultural products will enjoy improved good market access such as dairy, beef and sheep meat, grains, oilseeds and legumes.

While the UAE is already our largest trading partner in the region, and existing tariff schedules are relatively low, the removal of remaining tariffs on non-sensitive agricultural goods will reduce the transactional costs and further encourage agricultural exports. Given the volume-based trading profile of our goods, the elimination of remaining tariffs is a positive outcome for the agriculture industry, estimated to be worth approximately \$50 million annually.

Further, the UAE is also a highly competitive market, with many of our direct agricultural export competitor countries having significant in-market presence. More specially, the fact that New Zealand has similarly concluded negotiations for a CEPA with the UAE, as well as having concluded negotiations with the Gulf Cooperation Council (discussed later in this submission) serves to only underscore the importance of timely ratification of this agreement.

Beyond the deal-specific tariff reductions, the near-complete liberalisation of trade afforded by the CEPA is an important demonstration of the benefits of free and open trade, both in the Middle East and more broadly.

CEPA - Inbound investment in agriculture and food

The NFF supports the inclusion of the Memorandum of Understanding concerning Investment Cooperation in Food and Agriculture.



With nearly \$9 billion in additional annual capital needed to achieve our target of a \$100 billion farmgate value by 2030, both foreign and domestic sources of investment will play a crucial role in the success of the sector over the coming decades.

It is critical that the sector continues to be positioned - including with the right policy settings - as an attractive source for both foreign and domestic investment, with a thriving agriculture sector having a key role to play in supporting the economic success not just of the regions, but Australia as a whole.

CEPA - Sustainable agriculture and food systems chapter

The NFF has publicly stated that agriculture and liberalised agricultural trade can play an important role in addressing global challenges such as food security and sustainability. It is important that interventions such as domestic support, export controls and climate-related non-tariff barriers do not hinder genuine global progress towards international sustainability outcomes.

This is a position held not just by the NFF, but by the Gairn's Group of Farm Leaders (CGFL). As outlined by the CGFL in their public statement in advance of the WTO's Thirteenth Ministerial Conference:

'The positive role that liberalized agricultural trade can play in supporting sustainable agriculture, action on climate, food systems and addressing global food security needs must be made more explicit in other international fora, in addition to the WTO.'

More recently in advance of the 2024 United Nations Climate Change Conference of Parties, the CGFL called on parties to:

'Recognise the role of international agricultural trade, innovation, and technology in achieving climate and food security ambitions through building value chains that lead to more efficient use of resources globally.'

Given the above, the NFF supports the inclusion of the Sustainable Agriculture and Food Systems Chapter in the CEPA, in particular objective 1.(b) of the Chapter which states:

'[E]nsure measures relating to sustainable agriculture and food systems are science and evidence based and do not create unnecessary barriers to trade;'

However, and as is further outlined in the next section, we would encourage greater engagement with industry in the development of such a Chapter in future agreements. This includes, to the greatest extent possible, providing in-confidence visibility of draft text to trusted industry partners.



We would further encourage the Department of Foreign Affairs and Trade (DFAT) to reflect on the need to engage industry when developing communications regarding trade agreements. For example, while well intentioned to outline some details of the CEPA as soon as possible, the summary text of the Sustainable Agriculture and Food Chapter provided on the DFAT website following the conclusion of negotiations caused confusion for stakeholders. The initial description of the Chapter was vague and did not indicate the core intent of the section.

CEPA - Animal welfare article

Australian agriculture is a global leader in animal welfare. Australian animal husbandry practices are underpinned by rigorous science-based best practice methods and regulations.

Chapter 21 of the CEPA – Economic Cooperation – includes an article on Animal Welfare (article 21.4). The article provides for the following:

- 1. Each Party shall endeavour to ensure that its laws, regulations and policies provide for, and encourage, animal welfare and shall endeavour to continue to improve its level of animal welfare protection. This commitment shall not affect the right of each Party to establish its own policies and priorities for the protection of animal welfare and to adopt or modify its laws, regulations and policies in this area.*
- 2. The Parties shall continue to strengthen and build on their existing cooperation and information exchange in the field of animal welfare, including on issues relating to the treatment of farmed animals. To this end, the Parties may work together in relevant international fora on areas of mutual interest related to the welfare of farmed animals.*
- 3. At the request of either Party, the Parties shall meet to discuss any issue relating to animal welfare and any mutual cooperation.*

The NFF does not have specific objections to the text of the agreement outlined above. However, we hold concerns regarding the lack of transparency throughout the development of the Chapter. Industry put forward recommendations as to how matters of animal welfare could be dealt with under the agreement, which were not taken up.

Similarly to the comments made above relating to the Sustainable Agriculture and Food Chapter, we strongly encourage greater engagement with industry in the development and communication of such a Chapter in the future to ensure the views of primary stakeholders such as primary producers and their supply chain partners are central to the development of animal welfare matters, rather than outside voices such as animal welfare activists.



Against a policy backdrop of the Government cessation of the sheep live export industry, a trade predominantly to the Middle East, under the disputed guise of animal welfare claims, it is not difficult to see how the absence of specific information pertaining to this Chapter may have caused concern for the agricultural sector.

Future actions

As with all trade agreements, it is imperative that ongoing efforts are made to ensure its full utilisation. Continued efforts to address non-tariff barriers, such as technical market access and sanitary & phytosanitary measures. To this end, we encourage fulsome and sustained efforts with regards to the full implementation of the agreement, including but not limited to, those aspects outlined in *Chapter 6 – Sanitary and Phytosanitary Measures*.

Further, the NFF notes that not only has New Zealand also concluded negotiations for a free trade agreement with the UAE, but it has announced the conclusion for negotiations with the Gulf Cooperation Council (GCC).

The New Zealand Ministry of Foreign Affairs and Trade outlines that when the agreement comes into force NZ will be the first major agriculture exporter nation with preferential access into the GCC, while existing tariff schedules are generally quite low at 5%, the elimination of 99% of tariffs on NZ exports over 10 years will nonetheless be commercially beneficial to the \$1.8 billion of dairy, \$260 million of red meat and \$72 million of horticulture worth of trade between New Zealand and the GCC.

Given both of these developments, it is imperative that Australia moves with appropriate haste to similar seek appropriate trade arrangements with countries in the region or via the GCC.

Industry appreciation for key officials

The NFF would like to formally register its appreciation for the efforts of Minister for Trade & Tourism, Senator the Hon. Don Farrell, for his leadership of Australia's progression of the CEPA. Further we extend our appreciation to Chief Negotiator Mr. Ravi Kewalram, as well as supporting officials in the DFAT and the Department of Agriculture, Fisheries and Forestry.

Recommendation(s)

The NFF believes the following recommendations should be made by the Committee:

1. *That the CEPA, associated Side Letters, and Memorandums of Understanding are ratified by Parliament.*



2. *That longstanding, and directly relevant parties to trade agreements such as agricultural industry representatives are proactivity and thoroughly engaged in the development and communication of both market access and non-market access elements of future trade agreements. These include, but are not limited to chapters, articles or otherwise related to sustainable agriculture and food systems, animal welfare, and inbound investment agreements.*
3. *The CEPA is used as basis to expediate broader trade negotiations in the Middle East, in particular with the Gulf Cooperation Council.*
4. *That appreciation is extended to Government officials for their work in negotiating the CEPA, in particular for market access outcomes.*

Please do not hesitate to contact Mr. Christopher Young, General Manager of Trade and Economics at [REDACTED] or on [REDACTED] to seek further information.

Yours sincerely,



Tony Mahar
Chief Executive Officer