



15 September 2014

Committee Secretary
Senate Legal and Constitutional Affairs Committee
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Via email: legcon.sen@aph.gov.au

**Inquiry into: the Customs Amendment (KAFTA Implementation) Bill 2014 &
the Customs Tariff Amendment (KAFTA Implementation) Bill 2014**

The Australian red meat industry is a strong supporter of the Korea-Australia Free Trade Agreement (KAFTA) – which upon entry into force will commence providing substantial commercial gains.

KAFTA delivered on the industry's priority for beef by securing elimination of the 40% Korean import tariff over a 15 year time period that is equivalent to (albeit lagging) the Korea-United States Free Trade Agreement (KORUS). Securing certainty and maintaining competitiveness in the sheepmeat, offal and processed meat trade by also eliminating the applicable import tariffs over phased implementation periods represent important gains for our industry.

Of acute importance, however, is the need to ensure that KAFTA enters into force (EIF) in calendar year 2014. This timeframe will bring the current 8% beef tariff differential (Australian vs US beef) back to a more commercially viable 5.3% - and subsequently guarantee that this tariff differential is not greater than 5.4% for the remainder of the 15 year KAFTA tariff elimination period.

If EIF is not secured in calendar 2014, the current 8% competitive disadvantage vs US beef under KORUS will be evident for each of the next 15 years – with ongoing detrimental impacts on Australian beef's market share in Korea. The current tariff differential has already seen Australia lose 2% of its share of the imported chilled beef segment in Korea so far this calendar year.

The Australian red meat industry endorses the recent Joint Standing Committee on Treaties Report (#142) which recommends that binding treaty action on KAFTA should be taken. Given the time critical nature of KAFTA EIF, it is our view that this action must be taken without delay.

The two KAFTA Bills which are the subject of this inquiry - the Customs Amendment (KAFTA Implementation) Bill 2014 and the Customs Tariff Amendment (KAFTA Implementation) Bill 2014 - should be passed immediately - thereby ensuring the regulations to implement KAFTA proceed unhindered.

KAFTA is essential for the long term positioning of Australian red meat in Korea. The urgent completion of domestic legislative requirements is therefore vital if the benefits from the Agreement are to be realised in a timely manner.

Yours sincerely

Malcolm Foster
Chairman
Australian Red Meat Industry Korea FTA Taskforce