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23 June 2015

Joint Select Committee on Trade and Investment Growth
Committee Secretariat
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Committee members

Cherry Growers Australia Inc submission to the Business Experience in Utilising Australia's Free Trade Agreements

Thank you for the invitation for Cherry Growers Australia Inc (CGA) to provide a submission to the above Committee process. I did circulate your email to our industry database in mid-May so the CGA Board hopes others from our industry will provide a submission too.

Briefly, the Australian cherry industry produces and is levied approximately on between 12,000 to 15,000 tonnes each season and the industry is looking to grow these figures to an average of 15,000 to 20,000 tonnes in the next 5 to 10 years.

Our industry does have quite strong seasonal variations due mainly to climatic factors and production issues but many growers are looking at new technologies and production techniques so we can have a more consistent annual crop into the future. This will assist to expand the industry over the next 15 years out to 2030 and beyond.

In relation to exports, the Australian cherry industry exports to over 30 countries globally to a range of markets that have import regulations and also those markets that are unregulated. Last season the industry exported 3500 tonnes at a value of \$48 million and we are looking to expand that to \$100 million over the next 5 years with 7000 tonnes exported and further planned growth out to 2030.

Australian cherries are seen as the highest quality and are highly sought after by consumers in Asian markets with 80% of our current exports going to these markets each season. Australian cherries are regarded as a superior product than those sourced from Chile, New Zealand, South Africa and Argentina, who also supply into a range of similar markets as part of counter seasonal supply in the northern hemisphere.

Whilst our industry fully supports the Free Trade Agreement (FTA) process and recent success in North Asia, there are a few issues that are stopping our industry from fully utilising them.

The removal of tariffs for horticulture and in our case fruit in FTA's are seen as a catalyst for trade because of our geographic location and ease of access by airfreight. However with the last three signed and those before, not all our cherry growers and exporters can use the FTA's because of the lack of phytosanitary access and/ or commercial airfreight access.

This currently cuts out 70% of the potential regional growing areas for exports.

I will give you five examples in Table 1:

Table 1

Country	Current access	Restrictions to trade
Thailand	Pest Free areas of Riverland, Riverina and Tasmania	Uncommercial cold treatment for areas outside the PFA's.
Japan	Pest Free area of Tasmania only	No other access at present. Future discussions to be held.
Taiwan	Pest Free areas of Riverland, Riverina and Tasmania	Uncommercial cold treatment for areas outside the PFA's.
Korea	Pest Free area of Tasmania only	No other access at present, waiting on the Korean government discussions with Australian Government
PR China	Pest Free area of Tasmania	Uncommercial cold treatment access for areas outside the PFA

The Korean FTA shows what can happen. In the previous five years, the average export of cherries out of Tasmania has been 5-10 tonnes, but with the tariff dropping from 24% to 0% the trade from mid-December 2014 in the 2014/15 season, exports went to 248 tonnes and will continue to increase in the coming seasons.

The five countries listed above are requesting cherries from Australia from beginning of November to end of February each season but we can only currently supply during the Tasmanian season from mid December to mid February unless we use uncommercial cold treatment protocols.

Compare that to markets that are unregulated, such as Hong Kong, Singapore and Malaysia, where the industry can supply fruit into there for four months from any growing region in Australia and fully benefit on tariff reductions on those where FTA's currently exist.

If the industry had full market access into the five countries listed in the Table 1, we could export another 1500 to 2000 tonnes per season at a value of about \$25 million and that would increase over time.

This not only benefits consumers in Asia but also at home by alleviating oversupply issues and keeping the domestic price sustainable and profitable.

The Australian Cherry industry believes to fully benefit from the FTA's the Australian Government through its agencies and other key bodies such as:

- the Department of Foreign Affairs and Trade and Austrade;
- the Department of Agriculture;
- Horticulture Innovation Australia Ltd through its proposed new Trade and Market Access Unit; and
- the full range of horticultural industries;

need to work together to develop a more robust, proactive and commercial approach to market access, market improvement and market maintenance negotiations across horticulture to ensure importing countries recognise all the work being done in Australia from endpoint treatments up to PFA's.

We are losing valuable trade and markets to other southern hemisphere countries due to the extremely slow processes being undertaken by the Australian Government in this area especially for a commodity like cherries.

The process of moving from unregulated to regulated markets will continue to occur so markets such as Hong Kong, Vietnam, Singapore and Malaysia could become the next ones mentioned in Table 1. where only parts of Australia can supply cherries. This would no doubt cover other horticultural products, so we need to be proactive in this area.

The Australian Cherry Industry has been pushing for review of this for the last three years but there has been resistance to look at new models and for change to occur to the process involving all stakeholders. The export game changes quickly on global markets and I believe we are being left behind in the process to maximise exports out of Australia in the cherry industry and across the horticultural sector.

We have worked hard as an industry to develop exports over the last 10-15 years and the new Biosecurity Management Protocol and Cherry Export Guide provides any grower in the country who wants to export, to know what they need to achieve to meet import requirements.

This ensures that our growers and exporters can meet the ever increasing demands on the industry to meet requirements of importing countries that are going for more regulation and where once open markets are being regulated by phytosanitary requirements.

This is not a static document but is being used by the industry and Department of Agriculture in seeking market improvement and to look at any other research that needs to be done to access or improve access into markets.

The Australian Cherry industry will fully support any changes that can be made in the short, medium or long term that will provide for a faster process to resolve market improvement issues that are stopping increased exports of cherries out of Australia. Please see our ideas attached in:

- Attachment 1: The Australian Cherry Industry approach and model for a more proactive and commercial approach to be taken by all stakeholders to maximise the benefits of the FTA's and other markets where we need market access and market improvement;
- Attachment 2: The Australian cherry Industry current market access and improvement issues as of 22 June 2015; and
- Attachment 3: The latest draft version of our Australian Cherry Industry Biosecurity Management Protocol.

In relation to other aspects of the FTA's, the Australian cherry industry believe the services provided by the Department of Foreign Affairs and Trade and Austrade, provide ample opportunity for exporters to find out what they need to do for trade and to overcome some of the nuances that could occur.

This range of services needs to be maintained and be very customer focussed so any issues exporters have can be discussed and resolved, so they can get their product offshore and into FTA and non FTA markets.

This is important because some of our best exports come from small to medium sized operations and businesses and it's not always the big players exporting that will gain the best results and the flow on effects in local and regional communities. This can be further assisted by working with regional areas to continue to promote their regional brands and commodities.

Currently we have the brand of Australia (and Australia Made etc) but we also have each State and Territory Government wanting to promote their brand and products. Under that we have regional brand areas for example Margaret River, the Adelaide Hills, Gippsland and King Island etc looking for their place on global markets. This is no different to other countries in promoting and branding the regions as we have in France, Spain and Italy for example.

On behalf of the CGA Board, I would like to make available the National President, Andrew Smith and myself to present a verbal submission to the Committee if that opportunity arises.

If you require any further information on any of the aspects I have raised, please contact me on my details below.

Yours sincerely

Simon Boughey
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ATTACHMENT 1

HIA MARKET ACCESS, TRADE AND EXPORT PROMOTION UNIT

To work as a new independent Unit/Team based in HIA, with DOA, DFAT, Austrade and all the members of HIA who export, intend to export and market promotions through:

- **Market access, Market Improvement/Refinement and Market Maintenance,**
- **Require promotion of products globally through:**
 - **Marketing activities;**
 - **Key trade shows; and**
 - **Forums.**

Reports to:

- the HIA Board through a sub Committee and/or Independent Management Team of
 - HIAL Board Chair and CEO,
 - DOA Deputy Secretary and Chief Government Market Access negotiator in DOA
 - Chair of **Horticulture Market Access Committee** or whatever body is developed (previously OHMA).

Positions could be:

1. General Manager of Team/Unit – high level talks and discussion with DOA , DFAT, Austrade all exporting commodities and managing the Unit;
2. Market Access and Export Development Negotiator to work with DOA on projects and overseas negotiation on behalf of industries;
3. Horticultural Market Access Unit (previously OHMA) with:
 - Coordinator;
 - Export Officer; and
 - Import Officer

to work on all processes re market access across horticulture and report to new OHMA Committee and through to DOA on country approaches and priorities.

4. Marketing Export Development Manager;
5. Trade Show Coordinator for 4- 6 key shows a year to attend a year and coordinate others to go to other shows across the globe under AUSTRALIA FRESH;
6. And administration staff as required.

Key operations in collaboration with DOA and DFAT

This needs to be done in cooperation with all stakeholders and driven by HIAL.

These key areas are:

- New market access, which we need to look at as a country by country and or treatment approach into a country not a one by one by one approach as is occurring now as a requirements of DOA , through the very slow priority system;
- Market improvement, **that is currently prioritised but should not be** but be a ongoing process to manoeuvre areas of this with respective day to day operations with DOA and HIAL;

- Market maintenance, again very important and day to day process;
- Plant Export operations, audits and work plans and better liaison and communication with industry across all processes and day to day;
- Standards for the Australian Horticulture Export Industry.
- Quick response issues that arise over the season for export industries day to day and liaison with importing countries;
- Involvement in IRA process for countries wanting to export to Australia and provide assistance;
- Trade shows where we can promote Australia Fresh Across the whole of Horticulture, such as:
 - Hong Kong for AFL/China FVF as they are only a week apart now
 - Berlin
 - Dubai
 - India or others
- Links to DFAT/Austrade and their events, FTA' and other WTO and bilateral and multilateral discussions.

Funding with CPI

- \$600,000 HIA from the Strategic Funding Program;
- \$600,000 from DOA as matching through Research and Development and Marketing funds;
- \$300,000 from Industries involved (over and above their input from Strategic Fund), sponsorship and other funding options via Austrade and the corporate sector.
- 5 year committed funding program for 2015/16 to 2019/20 and option for 5 more 2020/21 to 2024/2025.
- Also could be based on the PMAC idea in New Zealand (Plants Market Access Council) that is funded by members and fees collected off Phytosanitary certificates but need to look at other models and develop a program best suited for Australian exports on global arena.

Ideas developed by Simon Boughey, CEO and Cherry Growers Australia Board

- ***14 August 2013;***

And modified to suit changing issues and discussions

- ***20 September 2013;***
- ***10 February 2014,;***
- ***5 December 2014;***
- ***30 March 2015; and***
- ***30 May 2015.***



ATTACHMENT 2

AUSTRALIAN CHERRIES
Update as of 22 June 2015

Country	Next Meetings Bilateral Technical Ag counsellor or exchange of correspondence	Market Access	Market Improvement needs	Market maintenance	Other
PR China		<p>Linked to other commodities too</p> <p>Draft MOU between DOA and ASQIQ on Fruit Fly</p> <p>Sent there in April 2015, yet to see or discuss this with DOA</p>	<p>BMP Framework</p> <p>Other PFA's such as the Riverland</p> <p>East-West protocol so CT to 3 degrees for 14 days</p> <p>Systems approach &BSF</p> <p>Irradiation</p>	Tasmania	<p>Apples access in Australia in 2012</p> <p>Grapes access into Australia 2015?</p> <p>To do for import into Australia</p> <p>Cherries</p> <p>Summerfruit</p>
Thailand			<p>BMP Framework</p> <p>Other PFA's</p> <p>East West protocol so CT to 3 degrees for 14 days (to be gazetted in Thailand in September 2014)</p> <p>Systems approach &BSF</p> <p>Irradiation</p>	<p>Tasmania</p> <p>Riverland</p> <p>Sunraysia</p> <p>Riverina</p>	<p>Thai Mangoes into Australia IRA with Indonesia and Vietnam</p>
Taiwan			<p>BMP Framework</p> <p>Other PFA's</p> <p>East West protocol so CT to 3 degrees for 14 days</p> <p>Systems approach &BSF</p> <p>Irradiation</p>	<p>Tasmania</p> <p>CT onshore and in transit from Australia</p>	
Korea		<p>Korea are doing PRA</p> <p>Need update has taken 15 months so far and no report</p>	<p>BMP Framework</p> <p>Other PFA's</p> <p>East West protocol so CT to 3 degrees for 14 days</p> <p>Systems approach &BSF</p> <p>MB (Like USA</p>	<p>Tasmania</p> <p>Sample of fruit to 1% not 2% resolved in Jan 2015</p>	

			cherries into Korea) and/or Irradiation		
Japan		To be discussed if there is an opportunity	BMP framework Other PFA's East West protocol so CT to 3degrees for 14 days Systems approach &BSF Irradiation	Tasmania	
USA		Requested links to Mangos and Lychees TREATMENT but told to go back through OHMA and would take 2 years.	BMP framework Other PFA's Systems approach and BSF MB Irradiation Mangos and Lychees approved Jan 2015)	Tasmania	
New Zealand		BMP Framework PFA's East West protocol so CT to 3 degrees for 14 days Systems approach & BSF Irradiation linked to FSANZ March 2015 approval and Mangos, Lychees and tomatoes to NZ			
Philippines			BMP Framework Other PFA's Systems approach &BSF Irradiation MB (if required by Philippines)	Tasmania Riverland 3 degrees for 14 days CT	
Indonesia		Self sufficiency policy could affect exports out of Australia re citrus, bananas, papaya, potatoes? And other countries like	BMP Framework Other PFA's East West protocol so CT to 3 degrees for 14 days 32gr/metre ³ @17 degrees /2hrs	Tasmania Riverland Sunraysia Riverina From 1 Jan 2015	

		South Africa and Argentina	Systems approach &BSF	Cold treatment 2-3 degrees for 14-16 days MB as specified and irradiation 150 gray	
Russia		CURRENT BAN ANY UPDATE? There seems to be some movement in Europe			
Vietnam		BAN 1 JAN 2015 UNTIL PRESENT East West PFA's approved No treatments except from WA due to Medfly			Lychees approved into Australia in May 2015 Still to sort out Mangos, Dragon fruit into Australia
Hong Kong		Unregulated			
Malaysia		Unregulated may change in 2015/16 on quotas			
Singapore		Unregulated may change in 2015/2016?			
Middle East				Minor matters	
Europe				Minor matters MRLs etc	
GENERAL		GLOBAL GAP BEING REQUESTED FOR SEVERAL COUNTRIES?			