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Committee Secretariat
Joint Standing Committee on Trade and Investment Growth
PO Box 6021
Parliament House
Canberra ACT 2600

By email: jsct@aph.gov.au

Australia-India Comprehensive Economic Cooperation Agreement (CECA)

Thank you for the opportunity to provide a submission on the potential opportunities and impacts of CECA, the trade agreement between Australia and India.

Queensland Cane Growers Organisation Ltd (CANEGROWERS) is a not-for-profit public company with the sole purpose of promoting and protecting the interests of sugarcane growers since inception in 1925.

Representing over 70per cent of Australia's sugarcane growers, CANEGROWERS is the peak body for the sugarcane industry. With 13 district offices in Queensland, our strong regional presence ensures that services and advocacy are provided in local communities as well as at the highest levels of industry and government decision-making.

The Australian sugar industry annually produces 4.5 to 5.0 million tonnes of raw sugar each year from 30 to 33 million tonnes of sugarcane. 80 per cent of Australian raw sugar is exported. Reflecting the importance of exports and the significant negative impact of international market access constraints, CANEGROWERS pursues all avenues to provide increased market access opportunities for Australian sugar, remove trade-distorting domestic sugar price supports and eliminate export subsidies.

CANEGROWERS welcomes the conclusion of the CECA negotiations with some caution. While India is an important strategic partner of Australia, CANEGROWERS respectfully questions India’s commitment to trade and market access reform, particularly for agricultural products and especially for those it considers to be politically sensitive such as sugar.

India has failed to make new commitments on sugar in CECA. In the World Trade Organization (WTO) India has a record for being a difficult negotiating party, often blocking proposals for significant agricultural market access reform and failing to make complete and timely notifications of the agricultural support measures it has undertaken to provide.

India also has a history of subsidising sugarcane and sugar production at levels that are well in excess of its WTO obligations. The schemes that support India’s floor prices for sugarcane have created significant sugarcane and sugar production surpluses in a highly distorted domestic sugar market. India has elected to use export subsidies prohibited by the WTO to clear those surpluses from its domestic market and to support payment of the supported sugar and sugarcane prices. The subsidised export of these surpluses has a significant negative impact on world sugar prices, is significantly distorting the world sugar trade and adversely affecting the prosperity of the Australian sugar and sugarcane industry and the regional and rural communities it supports.

Australia, joined by Brazil and Guatemala as co-complainants, challenged India's sugarcane and sugar support structures in the WTO. Concerned about India's sugar policies and their broader implications, Canada, China, Colombia, Costa Rica, El Salvador, the European Union, Honduras, Indonesia, Japan, Panama, the Russian Federation, Thailand and the United States joined the dispute as third parties.

The WTO Panel adjudicating this dispute found comprehensively in favour of the co-complainants. India has appealed this decision.

India's reluctance to engage constructively on agricultural market access is also reflected in its November 2019 decision not to join the Regional Comprehensive Economic Partnership (RCEP) Agreement despite participating in those negotiations since their inception in 2012. Although CECA is an important step forward in Australia's bilateral relationship with India, CANEGROWERS notes sugar's exclusion from CECA, India's reluctance to abide by its existing international (WTO) trade obligations with respect to sugar and its general reluctance to constructively engage in trade negotiations affecting agriculture.

For these reasons, in supporting ratification of CECA, CANEGROWERS calls on JSCOT to recommend that the Australian government actively pursues all available avenues, including through negotiation, to ensure India complies with the sugar commitments it made in the WTO.

A worthwhile outcome would be to reach an agreement in which India would provide realistic, quantifiable and monitorable commitments by India to:

1. immediately eliminate Indian sugar export subsidies and phase out sugar exports until India reduces its domestic cane and sugar price supports in compliance with its WTO obligations.
2. cap India's domestic cane and sugar price supports at the present level and reduce those price supports through time. The phased reduction would provide time (period to be agreed) for structural adjustment.

Please do not hesitate to contact Warren Males (CANEGROWERS consultant on trade matters) if you require any further information in relation to this submission.

Regards

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Dan Galligan
Chief Executive Officer