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Mr Kevin Bodel,  
Inquiry Secretary,  
Joint Standing Committee on Treaties,  
Parliament of Australia,  
Parliament House,  
Canberra, ACT 2600

Dear Mr Bodel,

## **AANZFTA – Vegetable Industry Supplementary Submission**

The vegetable industry strongly endorses the thrust of the submission by the Horticulture Market Access Committee (HMAC) to the Joint Standing Committee on Treaties of the Parliament of Australia. Despite some moderate gains the signed treaty disappoints. Indeed some vegetable growers would go so far as to say that the term Free Trade Agreement (FTA) is a misnomer. While ASEAN nations have tariff free and open access in supplying fresh vegetable imports into Australia, and, from next year the small tariff on all but one line of processed vegetables will be removed, the AANZTA still retains tariffs on a number of vegetable lines for upwards of the next decade. Of particular concern to the industry is the weak outcome in respect to Indonesia and the Philippines and the failure to address the concerns that the industry has already conveyed about the TAFTA with Thailand.

The vegetable industry seeks to emphasise and provide strong endorsement to the following points made in the HMAC submission. In respect of section 5 which relates to the “Principal Tariff Outcomes under AANZFTA for Horticulture”:

### **Point 1. No achievement of comprehensive zero tariffs on EIF.**

It is disappointing to once again see the principle of free trade compromised by Australian negotiators in this FTA. FTA's should be about removing tariffs and other trade barriers and creating free trade. If they are not then the negotiators should use some other term other than an FTA. Australian vegetable growers already upset by the poor outcomes under TAFTA will be bitterly disappointed with the lack of a rapid movement to zero tariffs under this FTA.

**Point 2. Potential and achieved value of AANZFTA tariff liberalisation.**

This emphasises the much poorer outcome for horticulture than would have been achieved under a genuine Free Trade Agreement.

**Point 4. Future FTA negotiations need to better address exclusions, non-zero tariffs and tariff drawdowns.**

The vegetable industry strongly endorses this principal. The exclusion of particular vegetables from a zero tariff regime has no place in a FTA and we find it difficult to support an FTA which, after a number of years of operation, retains tariffs on vegetable products.

**Point 5. Future negotiations need at least to match existing tariff levels.**

Australia has negotiated a worse tariff outcome than available under MFN tariffs for carrots, non-seed potatoes and shallots into Indonesia. It is, to say the least, surprising that Australia can endorse an Agreement which delivers worse outcomes than those already available under MFN or existing FTA's.

**Point 6. Missed opportunity under AANZFTA to improve on key TAFTA lines.**

It appears that negotiators have ignored the vegetable industry concerns raised at the signing of TAFTA. We note that the tariff lines that we complained about on potato seed and non-seed exports are two of the four tariff lines excluded from any tariff commitment under AANZFTA and that the tariff outcome on preserved potatoes is inferior to that under TAFTA.

**Point 7. Missed opportunity under AANZFTA to match China's tariffs.**

As outlined in the HMAc submission, Australia has not achieved the equivalent of tariffs facing Chinese exports into ASEAN. This point will not be lost on Australian vegetable growers who have seen their export markets devastated by Chinese competition.

**Point 8. Tariffs other than AANZFTA would be used.**

If this is the case why were tariffs negotiated which were higher than existing tariffs?



Richard J Mulcahy

Chief Executive Officer