

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

**Agriculture**

**Question:** 169

**Division/Agency:** Trade and Market Access Division

**Topic:** Exporting Hay into China

**Proof Hansard page:** 138 (25.5.2015)

**Senator EDWARDS asked:**

**Senator EDWARDS:** Regarding the China free trade agreement – and I am talking about export hay now – we export oaten hay to China, yet we have yet to break through on wheaten or barley hay. What is the impediment?

**Mr Koval:** I am not aware of the impediments to hay into China, for wheaten hay. I am happy to take that on notice.

**Senator EDWARDS:** Oaten hay has no problems. There has been an application in since 2010 on wheaten and barley hay.

**Mr Koval:** I am not aware of the reasons why since 2010 we have not made progress on those, but I am happy to take that on notice for you and get back to you promptly.

**Senator EDWARDS:** The reason is that there is a perception, which is not real – it is a myth – that they are of lesser quality than oaten hay. The reality is that the hay market is actually burgeoning and providing farmers with a great deal of confidence in growing more hay. It is actually a good crop insurance because of the fact that if you get frosted with your wheat or barley crop, you can make the decision to cut it and still get a very good price in this market. I am just interested to know very urgently, as the hay season approaches, whether we can break down that wall, as Ronald Reagan said.

**Mr Koval:** Certainly, I will have a look at that for you

**Answer:**

Australia is seeking market access to China for several plant based stockfeeds including wheaten and barley hay. Priorities for market access have been set in consultation with the Grains Industry Market Access Forum (GIMAF), with lucerne hay being the current highest priority.

Before trade in wheaten or barley hay can begin, appropriate biosecurity measures must be in place to meet China's import requirements regarding introduction of pests or diseases.

**Question:** 169 (continued)

Australia considers that due to the fact that hay and straw share the same pests and present similar risks, they should be considered as an extension of China's existing import policy for similar products (for example, oaten hay from Australia to China). However, to date China has not supported this approach.

**Rural and Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

**Agriculture**

**Question:** 170

**Division/Agency:** Trade and Market Access Division

**Topic:** Korea-Australia Free Trade Agreement

**Proof Hansard page:** 138 (25.5.2015)

**Senator BACK asked:**

**Senator BACK:** Thank you. I will not go to the others, but I do want to get your advice in terms of the Korea-Australia Free Trade Agreement, which entered into force in mid-December. Are you able to tell us yet any evidence of benefits to agricultural exports to Korea? If you cannot give us the actual figures or the industries or whatever, I would like you to take it on notice, but even just in general terms are we seeing an uplift in exports?

**Mr Koval:** Certainly. It has been a relatively short time since the Korean FTA came into force, but we have seen some improvements in trading conditions with Korea already. For example, we have seen increases in table grapes. We can provide you a table with a list of all these things on notice, but table grapes, for example, have increased into Korea. So there has been a positive upswing already in our market access.

**Senator BACK:** And Japan?

**Mr Koval:** Similarly in Japan. Again, it is a relatively short period of time since we have had the two tariff cuts with Japan. Wine, for example, has gone up. Table grape exports into Japan have gone up, and we can provide you the hard numbers about those upswings on notice if you like. It has been a positive upswing.

**Answer:**

There are a number of examples where Australia's agricultural exports to Korea and Japan have benefited since the Korea-Australia Free Trade Agreement (KAFTA) and Japan-Australia Economic Partnership Agreement (JAIPA) entered into force in December 2014 and January 2015 respectively.

**Korea**

Cherries - The elimination of the 24 per cent tariff on cherries to Korea on 12 December 2014 has seen cherry exports grow from only \$69 000 in 2013-14 to almost \$4 million in 2014-15.

**Question: 170 (continued)**

Table grapes - The halving of the tariff of table grapes to 24 per cent on 1 January 2015, in combination with the conclusion of table grapes protocol in 2014 has seen \$2.5 million worth of export this year from a zero base.

Macadamias – the reduction of tariffs on macadamias from 30 per cent to 18 per cent on 1 January 2015 has seen, in the first two months of 2015, macadamia exports to Korea double from 50 tonnes to 100 tonnes compared to the same period in 2014.

***Japan***

Beef – Since entry into force in January 2015, JAEPA has seen beef tariffs reduce from 38.5 per cent to 31.5 per cent for chilled beef and 28.5 per cent for frozen beef. Beef exports to Japan during January to April 2015 increased 14 per cent compared to the same time last year. As a result, Australia's market share in the imported beef market in Japan has increased from 55 per cent in 2014, to 58 per cent so far in 2015. In contrast, the US share declined to 32 per cent, from 36 per cent in 2014.

Table grapes - Table grape exports grew from a zero base in 2014 to 150 consignments worth \$11 million in 2015 following the successful negotiation of an import protocol in 2014 and the reduction of tariffs on table grapes from 7.8 per cent to 6.7 per cent under JAEPA.

High polarity sugar - Tariffs for high polarity raw sugar were eliminated on entry into force. The first shipment of 26 000 tonnes of high polarity sugar was sent to Japan on 23 March 2015.

Bulk wine - Since entry into force, there has been a 414 per cent increase in bulk Australian wine exports (with the tariff of 45 yen per litre on bulk wine over 150 litres eliminated on entry into force) to Japan over the first three months of 2015 compared to 2014. Total bulk wine exports in 2014 were worth \$4.3 million.

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**Agriculture**

**Question:** 171

**Division/Agency:** Trade and Market Access Division

**Topic:** Western rock lobster sales to Japan

**Proof Hansard page:** 138 (25.5.2015)

**Senator BACK asked:**

**Senator BACK:** Have western rock lobster sales to Japan increased, or is it still the Chinese market that is taking them?

**Mr Koval:** I am not aware of western rock lobster specifically in terms of increases to Japan, but I will have a look at that for you and see if we can get some data on it.

**Answer:**

Exports of western rock lobsters to Japan have not increased since the Japan-Australia Free Trade Agreement's (JAEPA) entry into force of on 15 January 2015, reflecting continued strong prices in other markets.

Tariffs on rock lobster (1 – 4.8 per cent) were eliminated on JAEPA's entry into force.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

**Agriculture**

**Question:** 172

**Division/Agency:** Trade and Market Access Division

**Topic:** Trans Pacific Partnership IP and agriculture interest

**Proof Hansard page:** 140-141 (25.5.2015)

**Senator SIEWERT asked:**

**Senator SIEWERT:** You do not get to see any of the other text, other than when it is virtually finalised, when it is going to cabinet?

**CHAIR:** I know the answer.

**Senator SIEWERT:** Yes, well, let them tell me. I do not want to hear from you; I want to hear from them.

**Mr Murnane:** Yes. That is correct. We are not involved in negotiations on matters that are outside our portfolio interest.

**CHAIR:** It is what you call quarantine.

**Senator SIEWERT:** In terms of things that do affect agriculture, such as veterinary drugs and chemicals, do you get any involvement there?

**Mr Koval:** In terms of IP, you mean?

**Senator SIEWERT:** Yes, in terms of IP or any restriction. For example, under the PBS there are concerns around generic drugs postponing that. In terms of anything from an agricultural perspective that may affect agriculture, do you get to comment on those issues?

**Mr Koval:** Yes, we do. If the IP relates to agriculture—veterinary drugs and those types of products, for example—we do talk to them and we do get to see the negotiating positions.

**Senator SIEWERT:** And actually see the text?

**Mr Murnane:** I might have to get back to you on the specific detail of that.

**Answer:**

The Department of Agriculture has seen the Trans Pacific Partnership (TPP) intellectual property text relating to agricultural chemicals. Australia's position in the TPP is to support high quality commitments on data protection for agricultural chemicals and veterinary medicines, consistent with our existing domestic settings and international commitments.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2015

**Agriculture**

**Question:** 173

**Division/Agency:** Trade and Market Access Division

**Topic:** TPP protection against the pirating of drugs

**Proof Hansard page:** 141 (25.5.2015)

**CHAIR asked:**

**CHAIR:** How do we get to protect ourselves under the TPP against the pirating of the drugs?

**Mr Murnane responded:** I will take that on notice—that level of detail. That is not something we are involved with on a day-to-day basis.

**CHAIR:** This is my problem—and I cop a bit of shiver-my-timbers from my own mob on this—the quarantining of the various sections of it. They say, 'Come to the office and read the text', but even the people who have the text say the text does not guide you—because it is quarantined.

**Mr Glyde:** Can you help us, Chair? What do you mean by 'pirating'?

**CHAIR:** If someone has the IP for a pill and someone pirates—

**Mr Glyde:** Copies?

**CHAIR:** I am sure you know that in some places that is just the way you do business. What protection do we offer and what do we need to insure ourselves in making that protection available to our providers?

**Mr Glyde:** That clarifies the matter for us, so we can now take it on notice. I will just make the general comment that, as you would appreciate, the DFAT officers who have been involved have an extremely detailed and good understanding of our interests. Whether it is with the TPP or any of the other free trade agreements, there has been quite a history of interaction and interchange between the two departments. So they have a good understanding of our interests and we have a good understanding of what they are doing. I would characterise this as working pretty well. There is a whole bunch of stuff that does not necessarily impact on our department or our portfolio interests, but I think the Department of Foreign Affairs and Trade has demonstrated over many years an ability to understand agriculture—because that is often the sticking point with a lot of these negotiations.

**Question:** 173 (continued)

**Answer:**

Australia is seeking intellectual property (IP) provisions in the Trans Pacific Partnership (TPP) that are consistent with our existing international commitments, and that retain the flexibilities we currently have. The Department of Foreign Affairs and Trade (DFAT) is responsible for negotiating IP issues under the TPP. DFAT has provided the following response:

In the TPP the Government supports including enforcement measures to permit effective action and remedies against infringement of intellectual property rights, including in relation to pirated copyright and counterfeit trade mark drugs. The Government is not supporting any provisions that would require changes to Australia's existing intellectual property regime.