

Senate Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2010

Agriculture, Fisheries and Forestry

Question: TMA 01

Division/Agency: Trade and Market Access Division

Topic: Overseas Posts

Hansard Page: 123 (08/02/2010)

Senator Colbeck asked:

Senator COLBECK—You indicated to us when we discussed it at, I think, budget estimates that you would use staff resources from other posts or other locations to manage issues that cropped up in those three particular posts. What have we needed to attend to in those three posts to date since they have been removed?

Mr Burns—As I think I indicated last time, in the case of Brussels and Washington, when we withdrew a person we left the more senior person there. They are supported by locally engaged staff, so they each have two locally engaged staff who assist with their work. Where necessary, we have supplemented that with more missions from Australia—for example, if we need to be discussing a particular technical market access issue we might have sent some people from the Biosecurity Services Group who have detailed knowledge that can assist with negotiations—and we have tried to schedule more regular Canberra based visits.

Senator COLBECK—So how many times have we had to send people out to any of those posts?

Mr Burns—I could not give you an exact answer off the top of my head. I could take that on notice. But it is a combination of scheduling—if somebody is in the region, maybe visiting Brussels as well—and we have had a couple of particular negotiations where we have sent people. For example, when we were talking about the new beef market access, the extra tonnages of beef that we have recently got into the EU, we had some people go and specifically discuss that, including myself.

Answer:

In the case of:

Brussels

A total of three departmental officers have travelled from Canberra to Brussels for discussions with the Directorate-General for Agriculture and Rural Development; the Directorate General for Health and Consumer Affairs and the Directorate General for Trade.

Paris OECD

We have not found it necessary to send Canberra-based officials to Paris to undertake work that was once performed by the former Minister-Counsellor in Paris position. The upgraded Minister-Counsellor position in Rome now fulfils Australia's representation to the United Nation's Food and Agriculture Organization and the Organisation for Economic Co-operation and Development (OECD). Our Minister-Counsellor in Rome has travelled to

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Question: TMA 01 (continued)

Paris about five times since taking up his appointment in August 2009, to formally represent Australia at the OECD's agriculture and trade related committee meetings.

Washington DC

A total of five departmental officers have travelled from Canberra to Washington DC for discussions with the Food Safety Inspection Service.

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Question: TMA 02

Division/Agency: Trade and Market Access Division

Topic: Russia and kangaroos

Hansard Page: 124 (8/2/2010)

Senator Colbeck asked:

Ms Anderson—The Russians suspended all kangaroo exports from 1 August last year pending some improvements that they requested to our process, from harvest through to processing. They had some concerns about that. They came out to audit earlier last year and the suspension came through in August following that audit. Since that time Biosecurity Services Group has been working with the state regulatory authorities and the state governments, obviously, and the industry to try to put together some information and make some improvements to the supply chain. The next step is a submission to Russia. I cannot give you an exact date on that. The Biosecurity Services Group is managing that, with the state regulatory authorities, but I expect that to be in the next few months. The next step after that would be either, hopefully, a re-establishment of the trade, or there is potential that Russia may seek to visit and audit some of those facilities before they re-establish the trade.

Senator COLBECK—Given that we are working with the states, is there a national protocol or are there individual protocols in each state? How is that process working to develop it?

Ms Anderson—There is a working group, but as to the detail of how that is working, that would probably be a question for the Biosecurity Services Group. We can take it on notice and get you an answer.

Senator COLBECK—Okay.

Answer:

Kangaroo meat is produced, stored and transported in accordance with Australian standards. Biosecurity Services Group (BSG), industry and State and Territory Regulatory Authorities (SRAs) are working together to make improvements throughout the supply chain. Verification is being carried out by the SRAs and BSG to ensure the effective implementation of agreed measures. Government funding of up to \$400,000 is being provided to the Rural Industries Research and Development Corporation to extend its current kangaroo harvester training program.

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Question: TMA 03

Division/Agency: Trade and Market Access Division

Topic: ASEAN – Australia – New Zealand – Free Trade Agreement

Hansard Page: 125 (08/02/2010)

Senator COLBECK asked:

Senator COLBECK—Can I just go to the implementation of the Australia-New Zealand-ASEAN Free Trade Agreement, which came into force from 1 January, as I understand it. How many of the countries have finalised their sign-on process and where are we at with those that have not?

Mr Ross—You are correct. The agreement came into force on 1 January. Most countries have completed their domestic processes. Just allow me to check my notes. Indonesia, Laos and Cambodia, I believe, have not finished their processes.

Senator COLBECK—Do we know how far away that might be, or that is an internal issue for them?

Mr Ross—It is a timing issue for them, but they have given assurances that it will be early in this calendar year.

Senator COLBECK—What is the process of bringing all that online then?

Mr Ross—It is Laos, Cambodia, Indonesia and Thailand that have not completed their domestic processes. As I said, their commitment is to endeavour to have those completed early this year.

Senator COLBECK—How does that impact access into those particular markets?

Mr Ross—The undertakings under the agreement do not apply until they ratify the agreement.

Senator COLBECK—So that works in a bilateral sense, obviously, so until those things are finalised we do not get access. There has been some concern raised out of the horticulture sector of the agreement. Where does the balance, as you see it, lie in that particular area?

Mr Ross—If you look across the range of countries involved, I guess you would probably characterise the outcomes for horticulture as a little mixed. In most cases there are opportunities to enhance access. For instance, for vegetables there are good gains to be delivered in Malaysia and Vietnam, but there are a number of high tariffs on products in Indonesia that will remain, and in the Philippines there will only be some modest reductions on vegetables. For fruit, most tariffs are going to be eliminated, except for mandarins and mangoes in Indonesia and a number of tropical fruits in Malaysia. For processed fruit and veg, tariffs are bound at zero on entry into force or will phase to zero in most countries.

Question: TMA 03 (continued)

Senator COLBECK—What is the time frame for the phasing?

Mr Ross—I do not have that detail in front of me, but I can provide it to you. It differs between countries.

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Question: TMA 03 (continued)

Answer:

A summary of tariff phasing commitments for horticulture products under the AANZFTA is outlined below. The Agreement entered into force (EIF) on 1 January 2010 for Australia, New Zealand, Brunei, Burma, Malaysia, the Philippines, Singapore and Vietnam. The Agreement will enter into force for Thailand on 12 March 2010. Cambodia, Laos and Indonesia have not yet ratified the AANZFTA as they are still completing their domestic processes. The full tariff commitment schedules are available on the Department of Foreign Affairs and Trade website: http://www.dfat.gov.au/trade/fta/asean/aanzfta/annexes/annex1_tc.html

Brunei

- All fresh and dried fruit and nuts: tariffs bound at 0% on EIF.
- All fresh, dried, chilled, frozen or provisionally preserved vegetables: tariffs bound at 0% on EIF.

Burma

- For fruit, all tariffs phase from 15% to 0% by 2021, with some tariffs being eliminated by 2020.
- Fresh durians, longans and lychees: tariffs will phase to 0% in 2020.

Nuts

- Most tariffs will be phased from 15% to 0% by 2021.
- Coconut, fresh or dried, whether or not shelled or peeled: 1% tariffs will phase to 0% by 2020.
- Areca (betel nuts) nuts, fresh or dried, whether or not shelled or peeled: 10% tariffs will phase to 0% in 2020.

Vegetables

- Most tariffs will phase to 0% by 2021.
- Dried leguminous vegetables, shelled, whether or not skinned or split: 0% tariff bound at EIF.
- Fresh or chilled onions, shallots and garlic: phase to 0% by 2020.
- Lettuce, other than cabbage lettuce and chicory, fresh or chilled: 15% tariffs phase to 0% by 2024.
- Chillies, other than giant chillies: phase from 1.5% to 0% by 2020.
- Peas and beans shelled or unshelled, fresh or chilled: phase from 15% to 5% in 2025.
- Sago pith: 1% tariffs phase to 0% by 2020.

Laos

Fruit

- Most tariffs will be eliminated in 2021, and all others will phase to 0% by 2024.
- Fresh or dried pineapple, guava, mangoes and mangosteens: 40% tariffs will phase to 0% by 2024.
- Citrus fruit, fresh or dried: 40% tariffs will phase to 0% by 2024.

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Question: TMA 03 (continued)

- Melons (including watermelons) and papaws (papayas), fresh: 40% tariffs will phase to 0% by 2024.

Nuts

- Fresh or dried coconuts, brazil nuts and cashew nuts, whether or not shelled or peeled: 30% tariffs will be phased to 0% by 2021.
- Other nuts, fresh or dried, whether or not shelled or peeled: 30% tariffs will phase to 0% by 2024.
- Mixtures of nuts or dried fruits: 30% tariffs will phase to 0% by 2024.

Vegetables

- Tariffs are bound at 40%, except seed potatoes which is bound at 5%. Some tariffs will be eliminated in 2021, and all tariffs will phase to 0% by 2024.
- Fresh or chilled potatoes: tariffs will phase to 0% by 2021.
- Fresh or chilled garlic: tariffs will phase to 0% by 2021.
- Fresh or chilled cabbage, broccoli, Brussels sprouts: tariffs will phase to 0% by 2021.
- Carrots and turnips, fresh or chilled: tariffs will phase to 0% by 2021.
- Leguminous vegetables, shelled or unshelled, fresh or chilled: tariffs will phase to 0% by 2021, except beans, which will phase to 0% in 2024.
- Fresh or chilled asparagus and globe artichoke, tariffs will phase to 0% in 2021.
- Potatoes and peas frozen, cooked or uncooked: tariffs will phase to 0% by 2021.
- Olives provisionally preserved, but unsuitable in that state for immediate consumption: tariffs will phase to 0% by 2021.
- Garlic, dried, whole, cut, sliced, broken or in powder, but not further prepared: tariffs will phase to 0% by 2021.
- Dried peas, broad beans and horse beans, shelled, whether or not skinned or split: tariffs will phase to 0% by 2021.

Malaysia

Fruit

- Many tariffs will be eliminated in 2010, and most others will phase to 0% by 2012.
- Fresh oranges, tamarind, nuts (shelled or in shell): 0% tariff bound at EIF.
- Other citrus fruit: 10% tariff phases to 0% by 2011.
- Kiwifruit: 15% tariff will phase to 0% by 2011.
- Bananas: specific duty of RM1322.77/tonne phases out by 2020, leaving a 5% tariff.
- Pineapples: specific duty of RM827/tonne phases to RM40/tonne by 2018.
- Guavas, mangoes, mangosteens: specific duties of RM220.45/tonne or RM440.9/tonne phase out by 2020, leaving a 5% tariff.
- Tropical fruit (pawpaws, melons, watermelons, rambutan, langsat, jack fruit, star fruit etc): specific duties of RM330.7/tonne or RM661.4/tonne phase out by 2016 or 2019, leaving a 5% tariff.
- Durian: tariff of 5% or RM 330.7/tonne (whichever is higher); specific rate phases out by 2016; leaving only a 5% tariff.

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Question: TMA 03 (continued)

Nuts

- Mixtures of nuts or dried fruit (of which bananas, pineapples, mangoes predominate): 20% tariffs phase to 0% by 2020;
- Other mixtures of nuts or dried fruit: tariffs of 0% bound at EIF; tariffs of 5% phase to 0% by 2010; tariffs of 7% phase to 0% by 2011.

Vegetables

- All tariffs either bound at 0% on EIF (69 tariff lines) or phase to 0% by 2010 or 2011 (remaining 15 lines).

New Zealand

- Fresh and dried fruit and nuts: all tariffs bound at 0% at EIF.
- Fresh, dried, chilled, frozen or provisionally preserved vegetables: all tariffs eliminated or bound at 0% on EIF.

Philippines

Fruit

- All tariffs phase to 0% by 2013, except mandarins and clementines on which tariffs phase to 0% by 2015.
- Fresh or dried oranges, lemons, limes: 10% tariffs phase to 0% by 2012.
- Fresh or dried mandarins, clementines: 10% tariffs phase to 0% by 2015.
- Fresh or dried grapefruit and other citrus fruit: 7% tariffs phase to 0% by 2011.
- Fresh grapes: 7% tariff phases to 0% by 2011.
- Dried grapes, fresh or dried dates, figs: 3% tariff eliminated in 2010.
- Other dried fruit, mixtures of dried fruit or nuts: 7% tariffs phase to 0% by 2011.
- Fresh melons, watermelons, pawpaws, fresh or dried avocados: 15% tariffs phase to 0% by 2013.
- Fresh apples, pears, quinces, apricots, cherries, peaches, plums: 7% tariffs phase to 0% by 2011.
- Fresh strawberries, fresh or dried avocados, guavas, mangosteens: 15% tariffs phase to 0% by 2013.
- Other fresh berries, kiwifruit: 7% tariff phases to 0% by 2011.

Nuts

- Nuts, shelled or in shell (brazil, almonds, hazelnuts, walnuts, chestnuts, pistachios, other nuts) : 3% tariff eliminated in 2010.
- Cashew nuts, shelled or in shell: 7% tariff phases to 0% by 2011.

Vegetables

- Potatoes and carrots: 40% tariff reduces to 32% in one step in 2020;
- Cauliflowers, broccoli and lettuce: 25% tariffs reduce from 25% to 20% in one step in 2020;
- Celery: 20% tariff reduces in one step to 16% in 2020;
- Onions and garlic: 40% tariffs reduce to 5% by 2018;
- Other vegetables: tariffs on remaining 86 lines phase to 0% by 2010 or 2012 (55 lines); remainder phase to 0% by 2015 or 2020 (31 lines).

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Singapore

- All fresh and dried fruit and nuts: tariffs bound at 0% on EIF
- All fresh, dried, chilled, frozen or provisionally preserved vegetables: tariffs bound at 0% on EIF.

Thailand

Fruit

- All tariffs will eventually phase to 0% and many tariffs are eliminated at EIF or by 2013.
- Oranges, fresh or dried: 30% tariffs phase to 0% by 2013.
- Mandarins, clementines, fresh or dried: 40% tariffs phase to 0% by 2020.
- Fresh grapes: 30% tariffs phase to 0% by 2020.
- Dried grapes: 30% tariffs phase to 0% by 2013.
- Fresh pears and quinces: 30% tariffs phase to 0% by 2013.
- Fresh cherries, plums: 40% tariffs phase to 0% by 2013.
- Dried fruit, mixtures of nuts or fruits: 40% tariffs eliminated at EIF or in 2012.

Nuts

- Brazil nuts, cashew nuts (shelled, in shell): 40% tariffs eliminated at EIF.
- Almonds, hazelnuts, walnuts, chestnuts, pistachios (shelled, in shell): 10% tariffs eliminated at EIF.

Vegetables

- Potatoes, incl seed, fresh, chilled or frozen; fresh or chilled onions, shallots, garlic: excluded from any tariff commitments (i.e. no tariff reductions).
- Other vegetables: tariffs will phase to 0% by 2013.

Vietnam

Fruit

- The majority of tariffs phase to 0% by 2020.
- Oranges and mandarins, fresh or dried: 40% tariffs phase to 0% by 2020.
- Grapefruit, lemons and limes, fresh or dried: 40 tariffs phase to 0% by 2019.
- Citrus fruit other than oranges, mandarins (including tangarines and satsumas), clementines, wiklings and similar citrus hybrids, grapefruit, lemons or limes: 40% tariff phases to 32% by 2022.
- Grapes, fresh or dried: 25% tariff phases to 0% by 2018.
- Apples, pears, quinces, fresh: 25% tariffs phase to 0% by 2016.
- Apricots, peaches, plums, fresh: 40% tariffs phase to 0% by 2018 or 2019.
- Cherries, fresh: 40% tariffs phase to 0% by 2016.
- Berries (strawberries, raspberries, blackberries, mulberries, loganberries), fresh: 15% tariffs phase to 0% by 2016; processed: 40% tariffs phase to 0% by 2016.

Nuts

- Dried fruit, mixtures of nuts or fruits: 40% tariffs phase to 0% by 2019.
- Nuts (shelled or in shell) brazil nuts, almonds, hazelnuts, walnuts, chestnuts, pistachios, other nuts: 40% tariffs phase to 0% between 2016 and 2019.

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Question: TMA 03 (continued)

- Cashew nuts (in shell): 30% tariff phases to 0% by 2017; (shelled): 40% tariff phases to 0% by 2018.

Vegetables

- Fresh, chilled, dried or provisionally preserved vegetables: all tariffs phase to 0% by 2016, 2017 or 2018.
- Seed potatoes, bulbs for propagation: 0% tariffs bound at EIF;
- Carrots, turnips: 20% tariff phase to 0% by 2017, commencing in 2010;
- Fresh or chilled asparagus, celery, spinach: 15% tariffs phase to 0% by 2016, commencing in 2011;
- Leguminous vegetables, fresh, chilled or frozen; frozen sweet corn, mixtures of vegetables; dried leguminous vegetables, lentils, beans: 30% tariffs phase to 0% by 2018 commencing in 2010.

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Agriculture, Fisheries and Forestry

Question: TMA 04

Division/Agency: Trade and Market Access Division

Topic: Food Prices

Hansard Page: 126 (08/02/2010)

Senator Back asked:

Senator BACK—I apologise, I was not here earlier. Was there a question asked about Australia's fast-rising food prices in terms of other OECD countries? Okay. The comment that has been made is that OECD data shows that Australians are paying the fastest rising food prices of any developed nation. Would anybody care to or have the capacity to comment on that assertion?

Mr Burns—I do not think that is an issue that we would comment on, and in fact I have not seen that data. So I would prefer to see that data first.

Senator BACK—That is great. I will put it on notice and that might give you the opportunity, if we can point to it. Chairman, that concludes the questions I wanted to ask. Thank you.

Answer:

According to the Organisation for Economic Cooperation and Development (OECD) Food Prices Index, Australia has been subject to greater rises in food prices than the OECD average. The most recent data suggests that food prices in Australia have risen by 20.1 per cent since 2005. The OECD average during this period was 14.3 per cent. Australia ranks 7th (out of 30 OECD members) behind Turkey, Iceland, Hungary, Mexico, New Zealand and the United Kingdom in terms of increases in food prices.

Australian food prices were significantly affected by the impact of cyclone Larry. Major droughts in 2002-03 and 2006-07, and poor seasonal conditions affecting agricultural food commodities since 2002-03 have also put upward pressure on food prices, as have fuel and energy price increases over that period.

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Question: TMA 05

Division/Agency: Trade and Market Access Division

Topic: Overseas Posts

Hansard Page: Written

Senator Back asked:

1. Are any of the positions to be scrapped Agricultural Attaches attached to Australian Embassies? In which Embassies are Agricultural Attaches attached? Have any been removed in the past twelve months? If so why? Where were they located? How will the work previously done by the Agricultural Attaches be undertaken and by whom?
2. Has the Department received any complaints from any Australian business or lobby group in relation to the scrapping of the Agricultural Attaches positions?

Answers:

1. Three overseas Agricultural Officer positions were removed in the last twelve months: one position from Brussels, one position from Washington DC, and one position from Paris, OECD, these positions were attached to embassies in these locations.

Technical market access issues in Brussels and Washington DC will be assessed on a case-by-case basis. They will initially be dealt with by the Minister-Counsellor (Agriculture) in consultation with Canberra-based officers. If an issue progresses to a stage where additional technical resources are required, the department will consider making available staff from Canberra, or from other overseas posts, to provide the necessary back-up.

Paris OECD work is now the responsibility of the Minister-Counsellor (Agriculture) in Rome.

2. Two industry associations wrote to the Minister expressing concern over the withdrawal of our overseas agricultural officer positions. The department responded to these queries advising that it will continue to monitor its overseas network to ensure that it operates as efficiently and effectively as possible and, in doing so, will continue to liaise closely with industry.