

Rural and Regional Affairs and Transport Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2013

Agriculture, Fisheries and Forestry

Question: 259

Division/Agency: Trade and Market Access Division

Topic: Live Exports to Vietnam

Proof Hansard page: 118

Senator WILLIAMS asked:

Senator WILLIAMS: Do you know offhand if Vietnam has been one of those countries?

Ms Evans: We have previously had shipments of live animals to Vietnam so I would have to look at the statistics about whether there has been a shift, since ESCAS, in the species or type of animals we have been exporting there.

Senator BACK: I do not think we have had any at all.

Ms Evans: We have had at least one shipment of cattle to Vietnam.

Senator BACK: No—excluding Vietnam. In answer to Senator Williams, I cannot think of any at all since ESCAS was introduced.

Mr Glyde: I think it is safe to say that our focus has been trying to maintain our access to existing markets under the new regulatory regime. It is hard work for exporters to develop ESCAS supply chains. But, to be sure, I would like to double-check what we have done and what the history has been over the last few years.

Answer:

Vietnam is an emerging market for live animal exports from Australia. The Exporter Supply Chain Assurance System (ESCAS) applies to live animals for slaughter and not for live animals for breeding. Vietnam imports both slaughter cattle and breeder cattle.

In 2011, 945 slaughter cattle were exported to Vietnam, the first consignment since 2004.

In 2012, a total of 2801 slaughter cattle were exported to Vietnam.

On 1 January 2013, ESCAS became a requirement for exports of live slaughter cattle to Vietnam. Since that date, a total of 2909 slaughter cattle have been shipped to Vietnam under ESCAS.

The most recent exports to Vietnam of breeder cattle were 457 head by air in 2012 and 330 head by air in 2011.

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Question: 260

Division/Agency: Trade and Market Access Division

Topic: Tariffs on Horticultural Produce Exports

Proof Hansard page: 120

Senator FAWCETT asked:

Senator FAWCETT: Ausveg were reporting last year that India had tariffs of up to 100 per cent on horticultural produce coming out of Australia. Is that correct?

Ms Evans: I do not have with me the specific list of tariffs for the horticultural products but I would not be surprised if that is true. I can confirm it on notice if you like.

Answer:

India generally applies tariff rates of 0-30 per cent to imported horticultural produce. However, India applies tariff rates of 100 per cent to fresh or dried garlic, dried grapes, and nuts (excluding almonds, hazelnuts, walnuts, chestnuts, pistachios, macadamia, kola and areca nuts) (Source: <http://tariffdata.wto.org/>, 20 February 2013).

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Question: 261

Division/Agency: Trade and Market Access Division

Topic: Consignments of Beef on Wharf in Jakarta

Proof Hansard page: 121

Senator BACK asked:

Senator BACK: In terms of that beef I appreciate the role the minister has played in assisting that process, but can you tell me what consignments of Australian beef are still sitting on the wharf in Jakarta?

Ms Evans: I cannot give you the exact numbers. There are still some containers of Australian beef sitting on the wharf. I can take it on notice to see if we can find out, but it may not be possible to give a precise figure. For some of the containers there have not been any applications to re-export them, so we are not quite sure what people want to do with them. I will take it on notice to see if we can find out, but it might not be possible

Answer:

The Department of Agriculture, Fisheries and Forestry cannot advise of the exact number of consignments still sitting on the wharf in Jakarta, as this is commercial information held by industry.

Based on information provided by the two largest exporters with affected consignments, a small number of containers were admitted entry into Indonesia. They advise that most of the remaining containers have been re-exported.

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Question: 262

Division/Agency: Trade and Market Access Division

Topic: South Korea's Self-propelled Howitzer Program

Proof Hansard page: 124

Senator NASH asked:

Senator NASH: If you would not mind taking on notice to provide information on those processes that are in place to pick up this type of issue and with this particular issue provide on notice whether information of that nature will not affect the beef trade. As a farmer—and I do not do beef; I do sheep—I would be very interested in any information the department can provide to the committee.

Answer:

The Department of Agriculture, Fisheries and Forestry ensures awareness of non-trade issues that may impact agricultural trade with our trading partners through:

- discussions across relevant agencies, in particular the Department of Foreign Affairs and Trade
- monitoring of Australian government information channels
- direct engagement with Australian government staff at Embassies/consulates
- media monitoring
- consultations with industry groups and other stakeholders.

The howitzer issue has not been linked to the beef trade or the broader strong trading relationship with the Republic of Korea.

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Agriculture, Fisheries and Forestry

Question: 263

Division/Agency: Trade and Market Access Division

Topic: South Korea-Australia Free Trade Agreement

Proof Hansard page: 125

Senator NASH asked:

Senator NASH: Could you take on notice to provide an update on the status of the free trade agreement with South Korea? There is obviously some concern that that is not going to go ahead.

Ms Evans: I am happy to take that on notice.

Answer:

The Government is committed to concluding a high-quality liberalising free trade agreement (FTA) with Korea as soon as possible. The Minister for Trade and Competitiveness the Hon Dr Craig Emerson MP has met regularly with former Korean Trade Minister, Dr Bark Tae-ho, including most recently on 26 January 2013 at Davos, to try to find breakthroughs on the outstanding issues. The Prime Minister the Hon Julia Gillard MP, in her early conversation with and letters to the new Korean President, Park Geun-hye, emphasised the importance to both countries of concluding FTA negotiations at an early date.

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Agriculture, Fisheries and Forestry

Question: 264

Division/Agency: Trade and Market Access Division

Topic: Trade and Market Access

Proof Hansard page: Written

Senator WILLIAMS asked:

Would you please advise how many Memorandums of Understanding (MOUs) are under negotiation by your Department with trading partners to open markets for the export of livestock and which countries are you negotiating with?

Answer:

Australia is negotiating Memorandums of Understanding (MoUs) to open markets for trade in live animals with Iraq, Iran, Lebanon, Morocco and Syria.

In addition, we are continuing to negotiate MoUs with Israel and Oman, noting there is existing trade with these markets.

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Question: 265

Division/Agency: Trade and Market Access Division

Topic: Trade and Market Access

Proof Hansard page: Written

Senator WILLIAMS asked:

Has the Department put a hold on negotiating or concluding MOUs while it undertakes a review of MOUs for the livestock export industry? If so, why is this necessary and what consultation have you undertaken with industry in relation to this review?

Answer:

The Department of Agriculture, Fisheries and Forestry is reviewing and updating all current Memorandums of Understanding (MoUs) on trade in live animals to make them more effective and consistent. The ability to trade is not affected by this review. Input will be sought from the Australian livestock industry as part of this review.

This exercise will inform the content of MoUs under negotiation, as well as those for any new markets for Australian livestock.

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Question: 266

Division/Agency: Trade and Market Access Division

Topic: Japan and US Beef

Proof Hansard page: Written

Senator NASH asked:

I refer to a Weekly Times article published on January 29th 2013 “Japan re- opened US beef” by Nicola Bell are you aware or read this article?

(http://www.weeklytimesnow.com.au/article/2013/01/29/558115_print_friendly_article.htm)

Has the department done any costings or analysis on the US beef industry entering the Japanese market what the potential impacts it would have on the Australian beef export industry?

The article states “according to MLA projections released last week, Japan’s share of Australia’s global beef trade fell from 36 percent in 2011 to 32 per cent last year and is forecasted to fall to 31 per cent this year” would the department say these figures are accurate?

If Australia’s beef export to Japan was to fall to 31 per cent, what fiscal outcome would that mean for Australian beef exports to Japan?

Has the department been in communication with the foreign affairs and trade department on this issue of declining beef exports to Japan?

To your knowledge has the department, Minister for Agriculture, Forestry and Fisheries or the Minister for Trade met with any Japanese officials to discuss the declining export of Australian beef?

Answer:

Yes.

Analysis by the Australian Bureau of Agricultural and Resources Sciences (ABARES) states that the Australian share of the Japanese beef import market is likely to fall, and the United States (US) share is likely to rise, in the short term reflecting the expanded access for US beef in Japan. In 2011–12, Australian beef accounted for 64 per cent of Japanese beef imports, and US beef 24 per cent. In 2012–13 the Australian share of Japanese beef imports is forecast to fall to 58 per cent, and the US share increase to 28 per cent.

Further details will be available from 5 March 2013 in ABARES publication *Agricultural Commodities March Quarter 2013*, which will be available on the Department of Agriculture, Fisheries and Forestry (DAFF) website at www.daff.gov.au.

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Question: 266 (continued)

DAFF regularly discusses agricultural trade with officials from the Department of Foreign Affairs and Trade, including trade in beef.

Minister Ludwig visited Japan in December 2011 and raised the importance of agricultural trade including beef with the then Japanese Minister of Agriculture, Forestry and Fisheries, senior government officials and members of the Japanese Diet. The Minister has also met with the Japanese Ambassador.

Australia and Japan hold annual beef talks, which include discussions on supply and demand.

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Agriculture, Fisheries and Forestry

Question: 267

Division/Agency: Trade and Market Access Division

Topic: Renaming AQIS

Proof Hansard page: Written

Senator COLBECK asked:

What feedback has been received from our trading partners regarding the name change?

What, if any, sorts of questions and queries have been directed to Australian Embassies?

Have there been any unexpected delays or issues with the rollout of the name change?

Answer:

In December 2012 the Department of Agriculture Fisheries and Forestry (DAFF) formally notified key trading partners of the proposed change. DAFF wrote to agencies responsible for inspection services and agriculture policy.

There has been limited response to the notification, and questions have been of a minor technical nature.

There have been no unexpected delays or issues with the rollout of the name change.

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Agriculture, Fisheries and Forestry

Question: 268

Division/Agency: Trade and Market Access Division

Topic: Carbon Tax and Exports

Proof Hansard page: Written

Senator COLBECK asked:

The recent ABARES report into the vegetable industry showed that around 80% of vegetable growers believed development of export markets was too difficult or time consuming. Inadequate prices for exported vegetables, shipping costs and insufficient farm infrastructure were also commonly stated as impediments to developing export markets.

How is this going to help Australia become the Asian food bowl?

Is this a common trend across agriculture and fisheries?

Has the Trade and Market Access division got any similar data or evidence of primary producer attitudes towards exporting?

What is this division doing to specifically address these concerns?

What strategies does DAFF have to help overcome this perception / situation?

What has the government been doing to help Australia's vegetable growers access international markets and address their concerns that these markets are too difficult and time consuming to crack.

Answer:

The Australian Bureau of Agricultural and Resource Science (ABARES) report 'Australian vegetable growing farms: an economic survey, 2010–11 and 2011–12', released on 4 December 2012, indicated that vegetable growers were generally positive about their future in the industry. Of the growers surveyed, 72 per cent expected to be still engaged in the industry in five years time and 18 per cent expected to expand vegetable production in the next three to five years. Average farm cash income for vegetable farms across Australia was estimated to be \$179 000 per farm in 2011–12, 11 per cent higher than 2010–11.

The vegetable industry is comprised of growers ranging from small-scale to large-scale enterprises. Vegetable growers typically sell their produce into one of three market segments: the fresh vegetable market; the processed vegetable market; and/or the export market. ABARES farm surveys data indicate that in 2010–11, 31 per cent of Australian vegetable growers sold their produce direct to processors and 4 per cent exported their produce.

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Question: 268 (continued)

ABARES survey data indicate that an estimated 12 per cent of vegetable growers consider export markets to be a viable outlet for expanding their vegetable growing business. However, growers also highlighted a number of impediments to developing export markets. Around 80 per cent of vegetable growers believed development of export markets was too difficult or time-consuming.

Australian vegetable exporters have experienced challenging times in recent years, despite excellent growing conditions, with a global oversupply and the strong Australian dollar combining to reduce grower returns. While export markets can provide excellent returns it is generally only those enterprises with capacity, scale and sufficient capital that can reliably supply these markets.

Australia exports over half of its agricultural production. Unlike the horticulture industry, some commodities (such as grains, beef and sugar) have a very strong export focus. In that respect, the experience of the horticulture sector is quite different to the broader agriculture, fisheries and forestry portfolio industries. Every year Australia produces enough food to feed 60 million people, far more than is consumed in Australia. By 2050 world food demand is expected to grow by 77 per cent and more than half of this increased demand will come from China alone. Australia will never be able to put food on every table in Asia, but an expanding middle class will offer an opportunity for Australian exporters of agricultural and fisheries products.

The Trade and Market Access Division is specifically responsible for managing the formal bilateral engagements with our trading partners, such as agricultural working group meetings, and managing the network of the Department of Agriculture Fisheries and Forestry (DAFF) Agriculture Counsellors on the ground in importing regions to support discussions and negotiations about market access for agriculture. The Division also supports the Department of Foreign Affairs and Trade (DFAT) in pursuit of improvements to tariff and quota access. Other parts of DAFF (notably the Agriculture Productivity Division and the Plant, Animal and Food Divisions) also work on market access issues, including with the development of international standards for agricultural produce which affect the trade in food. In addition, the government (through DFAT and DAFF) negotiates on their behalf for improvements to tariffs, quotas and behind the border impediments to trade in free trade agreements. DAFF directly engages with importing countries to agree on the technical arrangements that can best support trade (for example the pending agreements for access for table grapes into Korea and Japan).

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Question: 268 (continued)

The Australian Government also supports vegetable growers to access international markets by collecting industry levies and matching payments for eligible research and development. In 2010–11 Australian Government matching payments totalled \$5.5 million for the vegetable industry (\$40.46 million for all of horticulture).

The Australian Government has a long history of co-investing with industry in rural research and development. Continued government support recognises that rural industries mostly consist of a large number of small growers who, individually, may not have the capacity to invest in research and development. Industry-owned companies, such as Horticulture Australia Limited, provide an incentive for industry to invest levies collectively with matching government payments.

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Question: 269

Division/Agency: Trade and Market Access Division

Topic: Korean Free Trade Agreement

Proof Hansard page: Written

Senator COLBECK asked:

What is the current state of play of the Australia – Korean Free Trade Agreement?

Is there an impasse related to the incorporation of an Investor State Dispute Settlement mechanism?

What are the key arguments for / against including this mechanism?

When is this expected to be resolved?

In the meantime, Australian beef producers risk losing market share to the USA and are losing money. What is the cost benefit of prolonging negotiations over the ISDS compared to the market impacts for Australian beef producers?

Answer:

The Government is committed to concluding a high-quality liberalising Free Trade Agreement (FTA) with Korea as soon as possible. The Minister for Trade and Competitiveness the Hon Dr Craig Emerson MP has met regularly with former Korean Trade Minister, Dr Bark Tae-ho, including most recently on 26 January 2013 at Davos, to try to find breakthroughs on the outstanding issues.

The issue of Investor State Dispute Settlement (ISDS) remains unresolved, but it is not the only unresolved issue in the negotiations.

The Government's Trade Policy Statement of April 2011 sets out its approach to the inclusion on ISDS provisions in trade agreements. The relevant section is:

Investor-state dispute resolution

Questions about ISDS should be directed to the Department of Foreign Affairs and Trade.

Australia is seeking to engage with the new administration of President Park at the earliest opportunity after her inauguration on 25 February 2013. It is encouraging that the incoming administration's policy roadmap, released on 21 February 2013, lists an FTA with Australia as a foreign policy priority. Important next steps in Korea include the process to confirm the new Trade Minister in his role, and implementation of President Park's announcement that the Trade Ministry will be separated from the Ministry of Foreign Affairs.

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Question: 269 (continued)

The treatment of Australian beef exports to Korea is one of the highest priorities for Australia in the negotiations. The Government shares industry concerns about the growing competition facing Australia's beef exports to Korea, especially from our major competitor, the United States, which enjoys tariff advantages under the Korea-United States FTA. This is one of the reasons the Government is working hard to complete the FTA negotiations with Korea, whilst maintaining that the agreement must seek balanced outcomes that take into account the interests of all Australians.

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Agriculture, Fisheries and Forestry

Question: 270

Division/Agency: Trade and Market Access Division

Topic: Comparison of resources spent on imports and exports

Proof Hansard page: Written

Senator COLBECK asked:

What expertise does the department have in negotiating new market access for our agricultural produce?

What resources is the department putting into this area?

Has the department undertaken any analysis of the resources allocated to importing produce compared to the resources allocated to exporting produce?

What resources and support are provided to small, niche producers trying to access international markets?

Is there a point where the department does not consider the potential market worth allocating resources to?

If so, what is that point and how is it assessed?

Answer:

The Department of Agriculture Fisheries and Forestry (DAFF) has five divisions that work on maintaining and negotiating new market access for agricultural produce. This expertise across the divisions includes detailed knowledge of our export industries, technical skills and knowledge required for technical negotiations, as well as policy negotiation skills and knowledge required for broader market access negotiations. In addition, DAFF's Agriculture Counsellors are based in key importing regions to support market access discussions and negotiations: They provide insight into government requirements and maintain the relationships necessary for delivery of market access outcomes. DAFF works closely with the Department of Foreign Affairs and Trade who take the lead in negotiating new market access through bilateral and multilateral trade agreements.

DAFF has not undertaken a formal analysis of the resources allocated to imports and exports of agricultural produce. A significant factor in gaining market access is the resources and capacity available within the importing country to consider Australia's requests.

DAFF undertakes regular discussions with industry representatives, to assist in identifying market access priorities. Commercial interest in pursuing trade is an important factor in considering whether to pursue individual market access requests. DAFF also assists small niche producers by providing advice on potential technical and non-technical hurdles involved in gaining market access and other barriers to trade.

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Question: 270 (continued)

The Government allocates its resources to deliver market access with the highest returns to producers and Australia in the long run. Consultation with industry is an important part of this process. There is no specific threshold that determines resource allocation. Once market access is obtained industry will make an assessment of the conditions offered by the importing country and decide whether or not exports are commercially viable.

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Agriculture, Fisheries and Forestry

Question: 271

Division/Agency: Trade and Market Access Division

Topic: Tomato Imports

Proof Hansard page: Written

Senator COLBECK asked:

Has any examination of import of tomatoes from Italy been undertaken? Do Italian tomatoes receive unfair assistance which effectively gives them an unfair advantage in the Australia market?

Answer:

There have been several investigations into the import of canned tomatoes from Italy. The Anti-Dumping Authority released reports on these investigations in April 1992 (No. 68), May 1994 (No. 124), September 1994 (No. 137) and March 1997 (No. 169). The Australian Customs and Border Protection Service (Customs) undertook a review of the level of countervailing duties in January 1996 and its findings were reported in Dumping Finding No.96/02. Customs released the findings of a further two investigations in March 2002 (REP52) and April 2003 (REP66). There have been no investigations since 2003.

The findings of the 2003 investigation were that while exports of canned tomatoes from Italy were at subsidised prices Customs was not satisfied the Australian industry suffered material injury over the period of the investigation or that there was a threat of material injury to the Australian industry from imports of subsidised canned tomatoes from Italy.