

APPENDIX THREE

MINISTERIAL STATEMENT 17 MAY 2000

Trade News**Mark Vaile - Trade Minister**

Deputy Leader of the National Party

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AUSTRALIA NEGOTIATES SETTLEMENT WITH CANADA ON SALMON

Minister for Trade, Mark Vaile, today announced that Australia and Canada had reached a mutually satisfactory settlement of Canada's WTO complaint on salmon. The agreement is scheduled to enter into force on 1 June.

"The settlement with Canada puts an end to this long-running dispute and has been achieved without any trade off of our conservative approach to quarantine", Mr Vaile said. "There are no changes to ten of the eleven measures above the international standard adopted by Australia last year.

In the case of the consumer ready provisions where the WTO found inconsistencies, we have found an alternative method to deliver the same high level of quarantine protection. For instance the requirement for product weighing more than 450 grams to be in skinless form has been replaced by other stringent controls on processing including detailed packaging and certification requirements and legally enforceable compliance conditions for processors", Mr Vaile said. **

"Canada has also accepted an undertaking from Australia that the Commonwealth will continue to seek observance on the part of Tasmania. Discussions will continue with the Tasmanian Government and I call on them to act responsibly in terms of their commitment under the Commonwealth/State MOU on quarantine to take corrective action when quarantine measures have been found to be WTO-inconsistent."

"If the Tasmanian Government needs any reminding that the WTO system benefits Australia, it should note that this week Tasmania will send its second consignment of red fuji apples to Japan, a market opened up by the Commonwealth through the WTO system".

Mr Vaile said that the settlement with Canada would remove the prospect of possible retaliation by Canada in other export sectors.

"I am delighted that the threat of retaliatory action has been removed. It was vital in reaching this settlement that innocent Australian exporters did not get caught in

the crossfire. Canada is an important export market for Australia valued at \$1.2 billion in 1999 and it would have done no-one any good to get caught up in an unnecessary trade war.

I am confident that the settlement provides an excellent outcome for all stakeholders in Australia thereby putting an end to this long-running dispute."

** Text of bilateral settlement is attached.

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Text of Bilateral Settlement between Australia and Canada

As a result of bilateral consultations between our two governments, I am writing to confirm that the following understanding has been reached on the issue of fresh, chilled or frozen salmon product.

The requirement¹ that fresh, chilled or frozen salmon product imported into Australia be released from quarantine only if it is in consumer-ready form as defined in AQPM 1999169 will no longer apply. The consumer-ready specifications would be replaced with the following requirements:

1. Imported salmon product must be in at least head-off, gilled and gutted form.
2. Holders of import permits would be required to provide a declaration in relation to each imported consignment of salmon product that such product will only be sold for *commercial processing* at AQIS approved premises, for *processing for retail sale* or for *direct retail sale*. Alternatively holders of permits could enter into compliance agreements with AQIS that provide for importation under the same conditions.

The existing condition that commercial processors must have a compliance agreement with AQIS would remain in place. A compliance agreement would also be required for premises processing imported product for retail sale where such processing would lead to the generation of volumes of waste comparable with that produced in commercial processing (ie the processing of more than 300kg of imported salmon product daily in a single location).

3. *Commercial processing* is defined as the processing undertaken at a commercial premises that produces product for sale at another premises or location.

Processing for retail sale is defined as the processing undertaken at the premises (eg Practices that present an unacceptable risk are the sale of fresh, chilled or frozen scraps of imported salmon to fishing bait stores and commercial ventures based on feeding wild birds/fish on scraps of imported salmon. fish mongers, restaurant, hotel or institution) where the resulting product will be directly sold to or used by consumers.

Direct retail sale is defined as the sale to or use by consumers at a premises (eg supermarket, delicatessen, hotel, restaurant or institution) where the product is marketed or used in the same form (ie without processing) in which it was imported into Australia.

¹ These provisions apply to salmon product other than from New Zealand.

4. AQIS approval for commercial processing would be granted for premises that dispose of wastes via municipal and commercial systems for the disposal of sewage and solid wastes provided that such disposal does not present an unacceptable risk to significant salmonid populations² or create significant new exposure pathways³.

5. AQIS approval, under the same provisions as in paragraph 4 above, will also be required for processing for retail sale, where such processing would lead to the generation of volumes of waste comparable with that produced in commercial processing (ie the processing of more than 300kg of imported salmon product daily in a single location).

6. Imported salmon product should be packaged in a manner that is appropriate to its intended end use. Other equivalent arrangements would be considered on a case by case basis taking into account end user requirements.

For processing for retail sale and direct retail sale:-

Head-off, gilled and gutted fish (trunks) may be individually packaged in plastic sleeves. Alternatively multiple trunks for retail sale may be packaged in a plastic bag within a plastic tote, cardboard or polystyrene container with maximum weight 60lb (27.3kg).

Pieces such as fillets and cutlets that are fresh may be individually packaged in plastic sleeves. Alternatively, they may be loose packed within a plastic bag in a plastic tote, cardboard or polystyrene container with maximum weight 60lb (27.3kg).

If frozen, portions and pieces may be individually packaged in plastic sleeves. Alternatively, they may be individually quick frozen (IQF) or vacuum packed in plastic or coated with frozen brine (glaze) and packed within a plastic bag in a plastic tote, cardboard or polystyrene container with maximum weight 60lb (27.3kg).

For commercial processing:

Product of head-off, gilled and gutted form or further processed may be packed in plastic totes, cardboard or polystyrene containers with no weight restrictions.

Australia will adhere to its obligations under Article 13 of the SPS Agreement, including formulating and implementing positive measures and mechanisms in support of the observance of the provisions of the SPS Agreement by other than central government bodies, including Tasmania.

² As provided in the IRA, approval will not be given to processing plants within the Delatite and Murrindindi Shires in Victoria, the Snowy Mountains region of New South Wales and all of Tasmania.

³ Practices that present an unacceptable risk are the sale of fresh, chilled or frozen scraps of imported salmon to fishing bait stores and commercial ventures based on feeding wild birds/fish on scraps of imported salmon.

Australia will implement the amendments to the quarantine policies on fresh, chilled or frozen salmon product, as specified above, by 1 June 2000. In this regard, upon a request of Canada, Australia will provide copies of the relevant regulations and other materials pertaining to the new quarantine policies.

Canada and Australia will notify the relevant bodies of the WTO that they have reached a mutually satisfactory solution upon fulfilment of the undertakings set out in this understanding with regard to fresh, chilled or frozen salmon product.

Although the scope of this bilateral agreement is limited to fresh, chilled or frozen salmon product covered by Canada's WTO complaint, the same arrangements will apply to imports of other fresh, chilled or frozen salmonids.

In accordance with the approach identified in AQIS 1999 report on non-viable salmonids, i.e. equivalent approaches to managing risk may be agreed generally or on a case-by-case basis, Australia and Canada are continuing discussion regarding existing certification requirements in relation to the disease ISA.

