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Committee Secretary
Joint Standing Committee on Treaties
Via email: jsct@aph.gov.au

Dear Committee Secretary

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11)

Australian Pork Limited (APL) welcomes the opportunity to make a submission to the Joint Standing Committee on Treaties as it considers the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP-11).

APL is the national representative body for Australian pork producers. APL is a producer-owned not-for-profit company combining marketing, export development, research and innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

The Australian pork industry employs more than 36,000 people in Australia and contributes approximately \$5.3 billion in gross domestic product to the Australian economy. The pork industry contributes approximately 2.13% of total Australian farm production with roughly 1100 commercial pig producers producing around 5 million pigs annually.

As an industry that supports the principles of free trade and competes successfully in domestic and international markets, without the benefit of producer subsidies or tariff barriers, APL welcomes conclusion of the TPP-11, as we welcome all efforts to better integrate global trade.

APL supported the negotiation and conclusion of the original TPP agreement. Our views on the benefits of the agreement were outlined in our previous submission, provided to the Senate Foreign Affairs, Defence and Trade References Committee in October 2016. This submission is attached here for ease of reference.

Since that time, the US withdrew from the concluded TPP agreement, throwing its future into uncertainty. We commend Trade Minister Ciobo and his negotiating team for their efforts to salvage the TPP-11 deal.

The new agreement, while not containing any additional market access for Australian pork when compared to the original agreement, has the benefit of excluding the US from receiving equivalent market access in key pork markets where we compete with US suppliers, such as Japan. In that respect, the TPP-11 without the US delivers a relatively superior outcome for Australian pork farmers.

In the last week, media reports have suggested the US Government is interested in exploring options to re-join the agreement. While this may ultimately entail "sweetening the deal" by offering additional concessions to Washington, APL acknowledges that re-incorporating the US will have significant overall benefits for the TPP bloc.

Moving forward, APL would also welcome the accession of new partners to the agreement, such as South Korea, Thailand, and Taiwan.

Currently, Australian pork does not enjoy access to Thailand or Taiwan, as those countries maintain residue-testing regimes that are out-of-step with the applicable international

standard and exclude Australian product. By encouraging greater regulatory and standards convergence, APL believes an expanded TPP may be helpful in facilitating regional market access for our industry.

In conclusion, **APL recommends the Joint Standing Committee on Treaties speedily endorse the TPP-11 and enable domestic ratification as soon as possible.**

Should you have any questions about this submission, please do not hesitate to contact Andrew Robertson on 02 62708888 or via email andrew.robertson@australianpork.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Deb Kerr', written in a cursive style.

DEBORAH KERR
General Manager, Policy

ATTACHMENT 1: APL submission on TPP

28 October 2016

Mr David Sullivan
Committee Secretary
Senate Foreign Affairs, Defence and
Trade references Committee
PO Box 6100 Parliament House
Canberra ACT 2600
via email: fadt.sen@aph.gov.au

Dear Mr Sullivan

Proposed Trans-Pacific Partnership Agreement

Australian Pork Limited (APL) welcomes the opportunity to make a submission to the Senate Foreign Affairs, Defence and Trade references Committee on the proposed Trans-Pacific Partnership (TPP) Agreement.

APL is the national representative body for Australian pork producers. APL is a producer-owned not-for-profit company combining marketing, export development, research and innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry.

The Australian pork industry employs more than 20,000 people in Australia and contributes approximately \$2.8 billion in gross domestic product to the Australian economy. The pork industry contributes approximately 2.13% of total Australian farm production with roughly 1500 pig producers producing around 5 million pigs annually.

As an industry that supports the principles of free trade and competes successfully in domestic and international markets, without the benefit of producer subsidies or tariff barriers, APL welcomes conclusion of the TPP, as we welcome all efforts to better integrate and liberalise global trade.

Tariff Reductions

More than 70 per cent of Australian pork exports in 2015 were to TPP members. Importantly, the agreement will reduce and eliminate tariff barriers to markets with which Australia does not have existing preferential trading arrangements, notably Mexico, a significant pork-importing country. This market provides new opportunities should Australian exporters see this as commercially advantageous and noting significant benefits afforded to the US given its close proximity to Mexico.

In some markets where tariffs have already been reduced through existing free trade agreements, additional outcomes have been secured. For example, the TPP provides for a further dismantling of Japan's convoluted pork tariff structures, in addition to liberalisation introduced under the Japan-Australia Economic Partnership Agreement.

Non-Tariff Barriers to Trade

While APL welcomes these outcomes, tariffs are rarely the most significant impediment to growing Australia's pork export markets. A number of TPP members, and prospective TPP members, maintain restrictive technical barriers which effectively block trade. For example, Australian establishments have been unable to secure approval to export white offal to Vietnam, due to that country's burdensome and unscientific SPS compliance regime.

Australia is not the only TPP member and potential offal exporter hindered by Vietnam's restrictive approach to trade. We note the United States concluded a bilateral side-letter with Vietnam, as part of the TPP package, pledging both sides to work together to address the technical barriers to trade in offal. APL encourages the Australian Government to monitor implementation of the US-Vietnam side letter. If this results in the successful commencement of trade, Australian officials should seek to emulate it – either through a future TPP review process, bilaterally between Australia and Vietnam, or through an alternative regional agreement, such as the Regional Comprehensive Economic Partnership Agreement.

We urge Australian Government officials to remain vigilant in defending Australia's science-based biosecurity arrangements and disease-free status. APL is aware that some TPP members view our comprehensive biosecurity system as an inconvenience, and would seek to have it dismantled. For example, the US-based National Pork Producers Council has stated publicly it is working with the US Government to – in its words – “facilitate a review of the SPS issues in Australia”, after implementation of the TPP.

Trade-Distorting Subsidies

Other pork-exporting TPP members will share the market access wins available to Australian exporters under the agreement. APL would welcome this competition if it were to be conducted on a level playing field. Unfortunately, a number of TPP members, most notoriously Canada, provide large, trade-distorting subsidies to their domestic industry, undermining the ability of Australian producers to compete in third markets.

In 2012, APL joined with Dairy Australia in writing to the then Minister for Trade, the Hon Craig Emerson, to express joint concerns over the inclusion of Canada in the TPP, given that country's massive pork and dairy subsidy programs. The Australian pork and dairy industries worried that Canada would secure improved access to TPP markets, without having to surrender its own unfair, trade-distorting programs. Unfortunately, in the case of pork, these fears were realised. APL is disappointed at this outcome.

Conclusion

APL welcomes the conclusion and signature of the TPP, calling on all parties to complete domestic ratification procedures as soon as possible. Australian pork exporters will enjoy additional tariff-free access to key regional markets on full implementation of the agreement.

APL encourages the Australian Government to make full use of the agreement's SPS and TBT committees in advancing the interests of the Australian pork industry, and defending Australia's biosecurity.

Should you have any questions about this submission, please do not hesitate to contact Andrew Robertson on 02 62708888 or via email andrew.robertson@australianpork.com.au.

Yours sincerely



DEBORAH KERR
General Manager, Policy