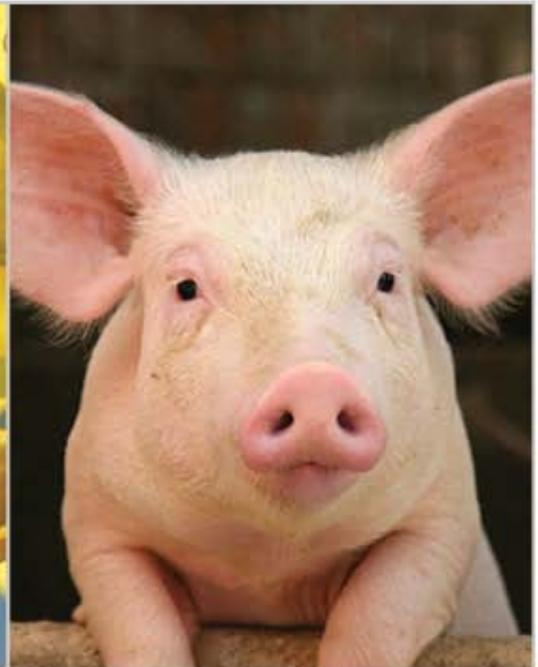


AUSTRALIAN
PorkTM

AUSTRALIAN PORK LIMITED

Regional Comprehensive Economic Partnership

14th October 2013



Australian Pork Limited (APL) welcomes the opportunity to provide a submission to the Department of Foreign Affairs and Trade (DFAT) regarding the Regional Comprehensive Economic Partnership (RCEP). APL was pleased to attend the recent stakeholder events at the RCEP's second round of negotiations in Brisbane.

2 APL is the national representative body for Australian pig producers. It is a producer-owned, not-for-profit company combining marketing, export development, research & innovation and policy development to assist in securing a profitable and sustainable future for the Australian pork industry. APL works in close association with key industry and government stakeholders.

3 APL is committed to expanding market access and is seeking to increase the number of markets into which Australia sells pork, particularly key Asian markets.

The Australian pork industry

4 The Australian pork industry employs more than 20,000 people in Australia and contributes approximately A\$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 farmers producing around 4.7 million pigs annually. Australia exports a small quantity of pork, totalling A\$99.8 million (MAT) to July 2013, down slightly from A\$105 million to July 2012.

5 From a trade perspective, Australia has an open pork market, having 0% tariff for imports, with domestic producers receiving no government support. Compared to Australia, the major pork exporting countries have high levels of government support that shield producers from market risk and secure their income. European and North American tariffs and import barriers effectively prevent these two continents from trading with each other in pig meat which means that they look for other "freer" markets, such as Australia, to export their surplus subsidised product to. Australian producers expect the Australian government to enable them to compete on a level playing field at the international level by reducing barriers to trade, both at and behind the border.

6 Beyond the simple tariff imposed on Australian exporters, the complexity of dealing with the transactional export costs, eg. complying with varying tariff regimes in different jurisdictions, makes a case for a broad-based approach to tariff reduction in the RCEP. Simplified and harmonised trade rules through high-quality FTA's reduce both the up-front tariff cost, and the transactional costs involved in compliance.

7 Australia's pork industry, due to its small-scale production and interest in niche market areas, should be seen as non-threatening. As Asia's large and rapidly growing middle class demand higher quality pork with guaranteed health and hygiene status, the Australian pork industry, with its higher health, hygiene and manufacturing standards is well positioned to meet this need.

The Regional Comprehensive Economic Partnership

8 APL has followed with interest the commencement of the RCEP, and was pleased to participate in the stakeholder events of the second round of negotiations held in Brisbane in September 2013. APL has met with DFAT on several occasions to explain the position of the Australian pork industry, and supports the position of the NFF on certain other related issues including exclusions, Rules of Origin and accumulation.

9 APL supports the Australian government's international efforts to liberalise trade, and remove trade distorting barriers and subsidies in export markets. APL believes the progressive liberalisation of Asia-Pacific markets will be in the Australian pork industry's long-term interests.

10 APL is supportive of a dual bilateral and pluri-lateral negotiating approach to ensure a greater chance of accessing and defending key export markets. The proliferation of bilateral and regional free-trade agreements in the shadow of a moribund Doha round risks disadvantaging pork producers. The RCEP should improve upon market access arrangements for markets with which Australia already has an FTA, including the TPP by the time of the RCEP's conclusion, and provide at least equal access compared to third countries.

11 APL believes negotiators should pursue tariff reduction rates on all pork products on a faster schedule than provided in third-party FTA's, including any outcome under the TPP. The harmonisation of tariff schedules amongst RCEP participants would further increase Australian pork producers' potential markets.

12 APL encourages the government to pursue a greater degree of coherence in the regulations that govern global supply chains to streamline international trade creating benefits for Australian pork exporters, removing unnecessary duplication and reducing costs.

13 APL is concerned to ensure that the RCEP delivers commercially significant outcomes for producers. Whilst APL recognises that agriculture is a traditionally sensitive sector in FTA negotiations, ambition must be maintained, and comprehensive liberalisation must be pursued if the vision of a comprehensive free trade agreement is to be achieved. Exclusions of 'sensitive' agricultural commodities must be avoided.

14 Any SPS consultative mechanism set up under the RCEP must not compromise Australia's first-rate bio-security system. The disease free herd health status of Australia's pork industry is something of which Australia can be proud, and enables consumers both domestically and internationally to be confident that Australian pork is of the highest quality.

Conclusion

15 APL notes the Australian government's recent comments regarding a quick conclusion of existing FTA negotiations, and the importance of Asian markets to Australia's future prosperity. APL supports these views, and believes that the RCEP offers an excellent opportunity to further cement Australia's place in the Asian century.

16 APL supports an eventual RCEP agreement which is ambitious, comprehensive in coverage, and represents a 21st century living agreement. The RCEP should provide outcomes which counteract our competitive disadvantages, address restrictive tariff and non-tariff barriers, avoid exclusions, and deliver market access gains for Australia's pork producers.