



Trade Report

Securing improvements in market access for Australian red meat and livestock can be a slow moving affair. It can often take years of negotiation to reach agreement among existing or new trading partners.

The current World Trade Organisation (WTO) talks are a prime example with stop-start discussions yet to conclude among the 153 member countries. On the free trade agreement (FTA) front, the quest to remove trade impediments can also be somewhat long-winded. However, the early part of 2009 has delivered numerous positive outcomes for the beef industry.

While it may seem clichéd, the truth is that the Australian beef industry truly relies on trading in export markets for its survival. Trade itself is a word that conjures all kinds of definitions and interpretations. Australia's beef industry is a powerhouse of commerce and energy with meat and livestock exporters heavily focused on both growing existing markets as well as nurturing emerging markets.

Trade is a text book example of the need for industry and government collaboration. On one hand, commercial enterprises seek out markets and customers, form relationships and build trust. In parallel, governments negotiate various trade protocols, usually in terms of tariffs as well as sanitary and phytosanitary arrangements.

Cattle Council and the National Farmers' Federation (NFF) remain determined to achieve significant new export market opportunities...



MULTILATERAL REFORM

Cattle Council and the National Farmers' Federation (NFF) remain determined to achieve significant new export market opportunities and reduce distortions in global markets through agricultural trade reform in the WTO as well as regional and bilateral trade negotiations. For an industry that exports two-thirds of its production to more than 100 countries worldwide, it is clearly in our interest to remain vigilant.

Multilateral trade reform through the WTO remains a high priority. Reaching an agreement that delivers substantial improvements in market access by cutting tariffs and eliminating all forms of export subsidies is a key objective of Cattle Council and the NFF. However, WTO negotiations have been protracted in recent times. This current round, launched in November 2001 in Doha, has a focus on developing countries given the majority of WTO members have developing country status. Furthermore, it is widely recognised that international trade can play a major role in the promotion of economic development and the alleviation of poverty.

Importantly, it is industry's role to ensure that the Australian Government is well briefed on beef priorities. Discussions, both formal and informal, occur around the world on a daily basis and it is critically important that our trade officials continue to push hard on key beef issues.



REGIONAL AND BILATERAL AGREEMENTS

Over recent years there has been a proliferation of regional and free trade agreements. So far this year we have seen significant positive progress on a number of fronts.

ASEAN-AUSTRALIA-NEW ZEALAND

The ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) was signed in Thailand in late February 2009, concluding a negotiating process that commenced in March 2005. The ASEAN countries consist of Burma, Brunei, Cambodia, Indonesia, Laos, Malaysia, The Philippines, Singapore, Thailand and Vietnam, a region with a combined population of 600 million and GDP in 2008 estimated at A\$3.2 trillion.

The AANZFTA is the first multi-country FTA that Australia has signed. Significantly, in the agreement, tariffs on most red meat lines will be eliminated or phased down to 0%. Those tariffs already at 0% prior to the FTA are now bound by this recent agreement and will remain in place. In 2008, Australia's beef and livestock trade with the 10 member countries was worth \$722 million to the Australian beef industry. This market represents 4% of Australia's total beef exports and 69% of total livestock exports.

AUSTRALIA-SOUTH KOREA

In early March 2009, Prime Minister Kevin Rudd and the President of the Republic of Korea H.E. Lee Myung-bak announced that negotiations on an FTA will commence in May 2009. Korea is Australia's third largest export destination for Australian beef, capturing 13% of Australia's global beef export volume and generating \$750 million in returns to the Australian red meat industry.

This announcement is particularly important for Australia's beef producers as the US and South Korea have already concluded FTA negotiations. Once ratified, the US-Korea

FTA will see the 40% tariff on US beef being reduced to zero over a 15 year implementation period. Securing import parity for Australian beef in the Korean market will remain a critical focus for the Cattle Council.

AUSTRALIA-JAPAN

The Australian beef industry is undertaking advocacy in order to extol the benefits of concluding an FTA with Japan. The eighth round of negotiations on the Australia-Japan FTA was held in Tokyo in March 2009. Australian Government negotiators focus so far has been on agriculture as they endeavour to demonstrate that preferential liberalisation for imports from Australia would not be to the detriment of Japan's agriculture sector.

AUSTRALIA-CHILE

The Australia-Chile FTA came into force in March 2009 and immediately removed many of Chile's tariff lines, covering 97% of goods currently traded with Australia. This included the elimination of the 6% tariff previously applicable to red meat and livestock.

MORE FTAS ON THE WAY

Other key markets that Australia is currently negotiating with include China, Indonesia and the Middle East's Gulf Cooperation Council. There is clearly a willingness on the part of many of our trading partners to engage in both bilateral and regional trade agreements. Hence, Cattle Council will continue to press the Australian Government to pursue with vigour more liberalised trading relationships. 🇺🇸

David Inall
Executive Director
Cattle Council of Australia

