

3 June 2020



Australia-UK FTA Coordinator
Regional Trade Agreements Division
Department of Foreign Affairs and Trade
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Potential Australia United Kingdom Free Trade Agreement

Dear Sirs,

The Australian nut industry welcomes the opportunity to make this submission to the Department of Foreign Affairs and Trade on a potential Free Trade Agreement with the United Kingdom.

The Australian Nut Industry Council (ANIC) is the federation of the seven Australian tree nut growing industries.

Nut orchards in Australia are rapidly expanding. Farm gate value (FGV) in FY 2019 was \$A1.2 billion. Tree already planted but not yet bearing will increase FGV to \$A2.5 billion by FY 2030. Nut exports in FY 2019 exceeded \$A1 billion. Nut exports are projected to rise to over \$2 billion per annum by FY 2030.

The UK is an important, albeit small, destination for Australian nut exports. It is critical for the maintenance and potential expansion of these exports that Australia achieve an FTA with the UK not later than does other countries, especially the USA. The USA is the largest single competitor for Australian nut exports, especially almonds and walnuts.

We will be pleased to provide further information.

Yours faithfully,

Brendan Sidhu
Chair, Australian Nut Industry Council

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ANIC Submission to DFAT for an FTA between Australia and the United Kingdom

Australian exports of nuts direct to the United Kingdom are typically only \$A8 to \$17 million per annum. It is understood that Australian nuts are also imported into the UK from European trading ports. ABS export and EU import data does not identify these transshipment sales.

Australia currently directly supplies a small percentage (<2%) of the typical \$A800-\$A900 million per annum of UK nut imports. Australia has the potential to increase its market share as Australian production increases over the next decade provided it has a level playing field with competing exporters.

The major competing country for Australian almonds, walnuts and pistachios is the USA. Developing countries, such as South Africa, are the major competitor for Australian macadamia nuts. Such developing countries receive preferential tariff rates compared with Australia despite most orchards in these countries being large commercial orchards as in Australia. Developing country macadamias tend not to be family, village farming.

Removing all tariffs on Australian nut exports would create a level playing field. The UK does not commercially grow any nuts. There are very small quantities of walnuts and hazel nuts grown and sold by the farmers roadside or in village markets.

The current UK tariffs, i.e., the current EU tariffs, are in the range of 2% to 6% for raw nuts and up to 12% for processed nuts. Whilst these are not excessively high, all tariffs reduce consumer demand and restrict trade. Australia has zero tariffs on raw nuts from any origin. Australia does not import any nuts from the UK.

With such low tariffs and there being no local UK industry to protect, there seems no argument for the tariff elimination to be anything other than Entry into Force. There are no trade barriers for shipments of Australian nuts into the UK except for the tariff. Australian nuts do not use any names for nuts that that imply geographic indications that would be of concern to the UK.

The Australian nut industries focus on sustainability and stewardship of the environment. The Australian nut producing industries would meet the values that the EU, and hence we presume also the UK, seems to be seeking in its agriculture trading partners.

Brendan Sidhu
Chair - Australian Nut Industry Council

Appendix II

Total Nut Imports by United Kingdom AUD\$

Product (value, AUD)	FY2015	FY2016	FY2017	FY2018	FY2019
Almonds (in shell)	6,755,811	10,793,932	3,589,207	4,382,116	2,051,312
Almonds (kernel)	210,315,718	274,355,824	189,953,307	191,535,957	211,628,417
Brazil Nuts (In Shell)	1,142,374	1,705,213	2,057,958	803,245	1,212,417
Brazil Nuts (kernel)	56,875,794	86,174,411	71,660,576	55,672,426	75,443,855
Cashew Nuts (in shell)	1,887,839	1,672,200	1,765,358	4,464,994	1,990,947
Cashew Nuts (kernel)	154,222,744	233,487,623	240,558,026	303,831,659	259,822,832
Hazelnuts (in shell)	735,166	1,406,080	736,994	790,158	569,220
Hazelnuts Or Filberts (kernel)	28,088,550	29,933,741	22,750,090	20,976,929	16,930,647
Macadamia Nuts (in shell)	3,904,278	1,463,133	2,033,283	1,399,407	277,073
Macadamia Nuts (kernel)	8,253,469	9,912,458	8,376,255	10,672,860	16,362,450
Other nuts	6,042,882	7,452,167	7,460,626	8,576,812	6,639,098
Pecans	40,114,718	49,908,622	69,651,799	62,954,358	56,411,950
Pine Nuts (assume kernel)	29,596,942	29,553,277	31,169,431	21,871,844	36,683,177
Pistachios (in shell)	41,735,507	44,336,529	30,341,134	38,102,177	54,360,951
Pistachios (kernel)	20,569,020	23,524,190	18,345,317	19,710,697	20,873,912
Walnuts (in shell)	8,107,565	6,215,782	3,482,960	4,020,782	2,713,932
Walnuts (kernel)	88,529,947	101,513,253	93,244,488	104,829,463	100,951,753
Total value	706,878,324	913,408,435	797,176,809	854,595,884	864,923,943

Source of Data: Eurostat

ANIC Submission to DFAT on Australia/UK FTA May 2020

Appendix II

Total nut imports by United Kingdom by Origin AUD\$

Origin of import (value, AUD)	FY2015	FY2016	FY2017	FY2018	FY2019
United States	199,569,176	264,047,327	240,671,749	232,919,961	256,177,942
Vietnam	86,997,769	153,430,813	158,319,918	216,048,911	180,346,381
Germany	74,873,122	102,653,326	91,185,153	101,484,343	127,302,879
Netherlands	46,585,288	53,517,375	33,025,454	33,535,933	30,131,509
Bolivia	47,706,817	68,772,263	59,042,245	42,347,923	50,713,101
Spain	54,853,865	69,386,953	46,227,928	43,978,992	31,671,687
Italy	38,166,041	42,302,627	30,710,975	28,367,361	28,588,170
India	30,660,141	23,191,756	27,544,526	27,199,966	20,784,640
China	21,886,440	21,788,776	28,938,981	27,555,412	29,245,961
France	23,333,818	25,110,625	24,343,332	32,272,980	21,971,722
Turkey	13,510,351	14,831,728	12,712,262	12,840,713	12,696,469
Australia	6,510,147	17,616,367	5,938,225	9,910,503	8,917,041
South Africa	6,229,027	8,313,490	6,481,823	10,949,529	12,376,884
Brazil	8,091,533	10,021,306	3,309,080	2,007,338	2,406,650
Moldova	9,257,699	5,821,709	5,712,088	5,441,948	3,025,972
Belgium	2,731,848	3,482,089	1,810,596	2,508,500	12,178,480
Chile	42,502	4,639,494	4,002,953	5,130,045	11,601,959
Georgia	8,020,054	5,423,610	2,158,656	315,971	0
Mexico	0	899,382	1,031,478	3,583,470	4,005,006
Pakistan	6,369,280	1,979,015	820,465	717,773	496,481
Other	21,483,403	16,178,412	13,188,917	15,478,315	20,285,005
Total (value)	706,878,321	913,408,443	797,176,804	854,595,887	864,923,939
Australian Share	0.9%	1.9%	0.7%	1.2%	1.0%
Other EU	34.0%	32.5%	28.5%	28.3%	29.1%

Source of Data: Eurostat

ANIC Submission to DFAT on Australia/UK FTA May 2020

Appendix III

Nut and nut product tariff items.

Almonds and Almonds in shell 08021110 and 08021190 are subject to an EU quota at a lower tariff. The quota commences on 1st January each year and is always full by the time Australian new crop almonds can arrive in about May each year.

0802			Other nuts, fresh or dried, whether or not shelled or peeled (excl. coconuts, Brazil nuts and cashew nuts)
	080211		Fresh or dried almonds in shell
		08021110	Fresh or dried bitter almonds in shell
		08021190	Fresh or dried almonds in shell (excl. bitter)
	080212		Fresh or dried almonds, shelled
		08021210	Fresh or dried bitter almonds, shelled
		08021290	Fresh or dried almonds, shelled (excl. bitter)
		08022100	Fresh or dried hazelnuts or filberts "Corylus spp.", in shell
		08022200	Fresh or dried hazelnuts or filberts "Corylus spp.", shelled
		08023100	Fresh or dried walnuts, in shell
		08023200	Fresh or dried walnuts, shelled
		08024100	Fresh or dried chestnuts "Castanea spp.", in shell
		08024200	Fresh or dried chestnuts "Castanea spp.", shelled
		08025100	Fresh or dried pistachios, in shell
		08025200	Fresh or dried pistachios, shelled
		08026100	Fresh or dried macadamia nuts, in shell
		08026200	Fresh or dried macadamia nuts, shelled
		08027000	Fresh or dried kola nuts "Cola spp.", whether or not shelled or peeled
		08028000	Fresh or dried areca nuts, whether or not shelled or peeled
	080290		Nuts, fresh or dried, whether or not shelled or peeled (excl. coconuts, Brazil nuts, cashew nuts, almonds, hazelnuts, filberts, walnuts, chestnuts, pistachios, macadamia nuts, kola nuts and areca nuts)
		08029010	Fresh or dried pecans, whether or not shelled or peeled
		08029050	Pine "Pinus spp." nuts, fresh or dried, whether or not shelled or peeled

		08029085	Nuts, fresh or dried, whether or not shelled or peeled (excl. coconuts, Brazil nuts, cashew nuts, almonds, hazelnuts, walnuts, chestnuts "Castania spp.", pistachios, pecans, areca "betel" nuts, cola nuts, pine nuts and macadamia nuts)
1106			Flour, meal and powder of the products of heading 0713, 0714 and of the products of Chapter 8
		110630	Products of Chapter 8 (nuts)
2008			Fruits, nuts and other edible parts of plants, prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit (excl. prepared or preserved with vinegar, preserved with sugar but not laid in syrup, and jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking)
	200819		Nuts and other seeds, incl. mixtures, prepared or preserved (excl. prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking, and groundnuts)
		20081912	Coconuts, cashew nuts, Brazil nuts, areca "betel" nuts, cola nuts and macadamia nuts, incl. mixtures containing these nuts $\geq 50\%$ by weight, prepared or preserved, in immediate packings of a net content of > 1 kg (excl. preserved with sugar)
		20081913	Roasted almonds and pistachios, in immediate packings of a net content > 1 kg
		20081919	Nuts and other seeds, incl. mixtures, prepared or preserved, in immediate packings of a content of > 1 kg (excl. prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking, groundnuts, roasted almonds and pistachios and coconuts, cashew nuts, brazil nuts, areca "betel" nuts, colanuts and macadamia nuts and mixtures containing $\geq 50\%$ by weight of tropical nuts)
		20081992	Coconuts, cashew nuts, Brazil nuts, areca "betel" nuts, cola nuts and macadamia nuts, incl. mixtures containing these nuts $\geq 50\%$ by weight, prepared or preserved, in immediate packings of a net content of ≤ 1 kg ...
		20081993	Roasted almonds and pistachios, in immediate packings of a net content ≤ 1 kg ...
		20081995	Roasted nuts, in immediate packings of a net content ≤ 1 kg (excl. groundnuts, almonds, pistachios, coconuts, cashew nuts, brazil nuts, areca "betel" nuts, cola nuts and macadamia nuts) ...

		20081999	Nuts and other seeds, incl. mixtures, prepared or preserved, in immediate packings of a content of ≤ 1 kg (excl. prepared or preserved with vinegar, preserved with sugar but not laid in syrup, jams, fruit jellies, marmalades, fruit purée and pastes, obtained by cooking, groundnuts, roasted nuts, and coconuts, cashew nuts, brazil nuts, areca "betel" nuts, colanuts and macadamia nuts and mixtures containing $\geq 50\%$ by weight of tropical nuts)
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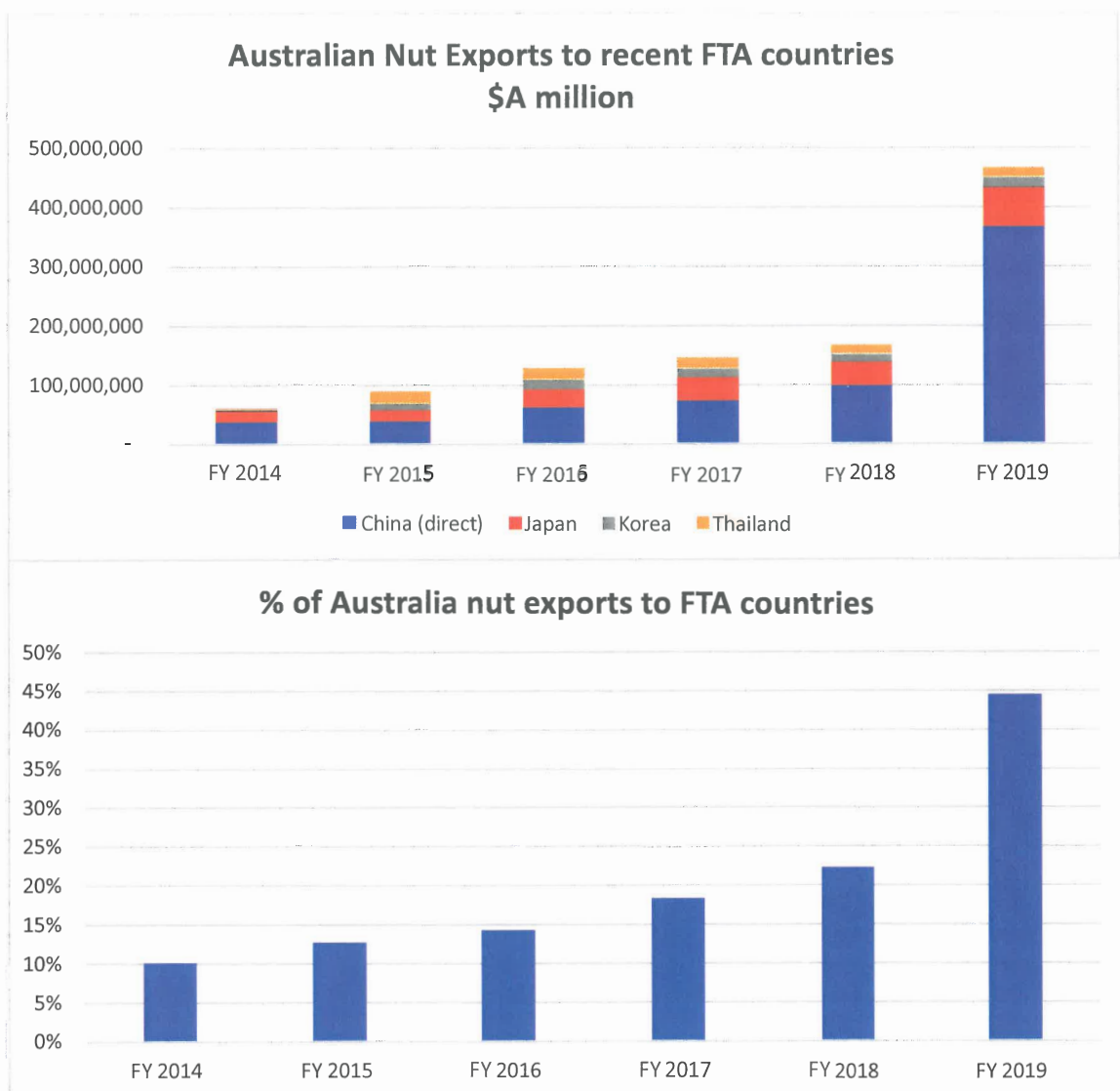
Appendix IV Tariff Codes and rates of Australian nut and nut products into Europe as at 31st March 2020

Commodity	HS Code	Current EU Tariff
Almonds in shell	8021100	2.0 % IQ; 5.6% OQ
Almond Shelled	8021200	2.0 % IQ; 3.5% OQ
Almonds P/P	20081993	10.2 %
Hazel in shell	8022100	3.2 %
Hazel shelled	8022200	3.2 %
Macadamia in shell	8026100	2.0 %
Macadamia shelled	8026200	2.0 %
Macadamia P/P	20081909	12 %
Pecan inshell & shelled	8029090	0 %
Pecan P/P	20081909	12 %
Pistachio in shell	8025100	1.6 %
Pistachio shelled	8025200	1.6 %
Pistachio P/P	20081909	10.2 %
Walnut in shell	8023100	4.0 %
Walnut shelled	8023200	5.1 %
Nut meals & flour	110630	8.3 %

Appendix V Australian Exports to recent FTA countries

The Australian nut industry has taken full advantage of the opportunities opened by the recently concluded FTA agreements with China, Japan, Korea and Thailand.

In FY 2019 the USA trade war on China provided Australia with an unique opportunity in China. The expansion in exports to China has been spectacular but there also have been increases in exports to Japan, Korea and Thailand. The Australian share of the nut imports in all of the FTA countries has steadily expanded as a result of the FTA especially as all FTAs have now reached zero tariff on Australian nuts.



Source : ABS Export statistic