



26 February 2016

Australia-European Union Free Trade Agreement
Europe Division
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221

Via email: a-eufta@dfat.gov.au

Proposed Australia-European Union Free Trade Agreement Australian Red Meat and Livestock Industry Position

I refer to the Department of Foreign Affairs and Trade (DFAT) invitation for submissions on the potential opportunities and impacts of a Free Trade Agreement (FTA) with the European Union (EU).

The current Australia-EU trade and investment relationship is substantial - with Australia being a lucrative market for the EU and the balance of trade being in the EU's favour. The EU is Australia's second largest trading partner with two-way trade exceeding \$80 billion.

Unfortunately, the Australian red meat and livestock industry only contributes a very small proportion (0.5% or \$444 million in 2015) to this trade. This is due to Australia's current red meat access being limited by the EU's highly restrictive import regime - involving low volume import quotas (disproportionately low compared with many other supplying nations) and high above quota import tariffs.

For beef (CN codes 0201 / 0202 of the EU Harmonised Tariff Schedule), Australia's current access to the EU comprises:

- 7,150 tonnes of country specific High Quality Beef (HQB) quota access with a 20% in-quota tariff;
- shared access to a 48,200 tonne global grainfed beef quota with a 0% in-quota tariff;
- access above these quotas via import duties of 12.8% plus up to €3/kg – which for many beef products makes trade above the quotas commercial unviable; and
- access (via EU importer held licences) to a frozen beef quota and a frozen beef for processing quota - which at varying times source Australian product.

For sheepmeat and goat meat (CN code 0204), Australia's current access to the EU comprises:

- a 19,186 tonne country specific combined sheepmeat / goat meat quota with a 0% in-quota duty; and
- access above this quota via import duties of 12.8% plus up to €3.1/kg – which again effectively stifles most above-quota trade opportunities.

For offal (CN codes 0206 / 0210), tariffs of 12.8-15.4% and / or up to €3/kg apply; for co-products (CN codes 1502 / 1503 / 1516 / 1518), tariffs of up to 16.6% or €3/kg are applicable; while for prepared meat (CN codes 1601 / 1602 / 1603) tariffs of up to 16.6% or €3/kg apply. Some live animal tariff lines (CN codes 0102 / 0104) also incur duties of 3.2-10.2% and / or €80.5-93.1/100kg.

The above regime is in stark contrast to the majority of our other export customer markets - which have or are embracing either free trade (no import quotas and zero import tariffs) or import regime reform (involving the elimination of quotas and tariff reductions).

Transformation of these EU import arrangements, via significant improvements to current access, will be a necessary requirement of any FTA negotiations.

In so doing, the commercial viability and competitiveness of Australian producers, processors and exporters will be enhanced - as the ability to service the ongoing demand for beef and sheepmeat products in the EU will be vastly improved. With the EU being an importer of high quality food products, our industry is ideally positioned to help meet this demand.

A more liberal import regime would also deliver substantial advantages to EU importers, wholesalers, distributors, foodservice and retail operators as well as EU consumers – all of whom value Australia's beef and sheepmeat products for their consistent and predictable quality. Our industry's aim is to continue to provide the EU with the choice of a range of superior imported products - via helping to fill a portion of the gap between EU domestic red meat production and projected EU consumer consumption requirements.

The Australian industry views the EU as a natural long term trading partner. We are therefore highly supportive of the commencement of comprehensive FTA negotiations at the earliest opportunity.

Material is currently being prepared which outlines in more detail the Australian red meat and livestock industry's key priorities for an Australia-EU FTA. This will be provided to the Australian Government shortly.

In the interim, industry representatives would welcome discussing our position further with DFAT officials at any time.

Yours sincerely



Jason Strong
Chairman
A-EUFTA Red Meat and Livestock Industry Taskforce

Taskforce members include:

- Red Meat Advisory Council
- Cattle Council of Australia
- Australian Lot Feeders' Association
- Sheepmeat Council of Australia
- Goat Industry Council of Australia
- Australian Meat Industry Council
- Australian Livestock Exporters' Council
- Meat & Livestock Australia

Taskforce contact:

Andrew McCallum
International Business Manager – Trade & Market Access
Meat & Livestock Australia
Tel: 02 9463 9153
Email: amccallum@mla.com.au