



8 March 2012

Mr Hamish McCormick  
First Assistant Secretary  
Office of Trade Negotiations  
Department of Foreign Affairs and Trade  
R G Casey Building  
John McEwen Crescent  
Barton Canberra 0221

Dear Mr McCormick,

**Re: Japanese, Canadian and Mexican Expressions of Interest in Trans Pacific Partnership (TPP) negotiations – an Australian Dairy Industry perspective**

This letter relates to previous informal discussions regarding the possible extension of the TPP negotiations from the current nine member countries to possibly include one or all of Japan, Mexico and Canada.

Before addressing this specific issue I would like to reaffirm that the Australian dairy industry (Industry) is fully supportive of the Federal Government's goal of negotiating a high quality, 21<sup>st</sup> Century TPP agreement that eliminates tariffs and genuinely reforms non-tariff barriers to trade in agriculture and specifically dairy. We have previously written outlining the importance of ensuring that the TPP systematically addresses behind the border non-tariff barriers to trade.

The three potential TPP members are all significant dairy producers and in different ways play important roles in world dairy trade.

Japan and Mexico are major dairy importers. Japan is Australia's major export market at present but trade in certain products remains subject to significant barriers and restrictions. Other TPP members will be looking to expand their access to Japan.

Mexico is a major importer of dairy product, but primarily from other TPP members like the USA.

Canada, by contrast, follows a very protectionist approach to dairy trade. It regularly advocates supply control and trade restriction in international dairy policy forums. The actions of the Canadian Government over many years give cause for considerable reservations about their willingness to liberalise dairy trade. The track record since signing of the Canada-USA FTA in 1987 has involved a systemic approach to undermine their dairy trade liberalisation commitments.

Therefore the Australian dairy industry takes a cautious approach to the proposed extension of the TPP. We recognise that there is merit in broadening the membership base of the TPP negotiations. But new members must be willing and able to demonstrate a commitment to meaningful market access reform as part of their entry into the TPP.

Their inclusion also must not act to complicate or unnecessarily slow the negotiating process itself.

In specific terms:

- With Japan, we are mindful that differences in the product mix of dairy trade between different TPP partners and Japan could complicate the competitive outcomes for Australia under a plurilateral reform. Therefore, the higher priority for dairy is seeking to complete a comprehensive bilateral trade agreement with Japan that involves substantial and commercially meaningful liberalisation of dairy trade from the day of implementation.
- With Mexico, an important objective will be the opening up of the Mexican dairy market to TPP partners to the same degree as exists for the USA under the USA-Mexico elements of NAFTA. The target here should be the transition to zero tariffs with no quotas on imported dairy products and ingredients, with this transition occurring in the shortest practical time frame.
- With Canada, industry has on-going concerns about that country's dairy trade protectionism and entrenched institutional resistance to reform. Entry to the TPP must be conditional on Canada committing up front to significant access reform. Otherwise its entry is likely to add unnecessary complexity and delay to the TPP process and raise real risks about it achieving its current policy and commercial objectives.

We trust that the government will give the above issues appropriate weighting in its consideration about the future entry of the above countries into the TPP process. On behalf of dairy, the ADIC looks forward to continuing our dialogue with the Department to achieve the best possible commercial outcome for our industry in the TPP negotiations and would be happy to provide any additional information you require relating to issues raised in this letter.

Yours sincerely,



**Chris Griffin**  
Chairman

cc Messrs Poole and Stahle, Australian Dairy Products Federation  
Dairy Australia  
cc Jo Evans, Department of Agriculture, Fisheries and Forestry  
Jan Adams, Department of Foreign Affairs and Trade