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April 4, 2013

Regional Comprehensive Economic Partnership(RCEP)
Free Trade Agreement Division
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221

Dear RCEP Coordinator:

Please permit me to introduce myself. My name is Ann Grappin and I manage International Trade Policy for Yum! Restaurants International (YRI). YRI is the international division of Yum! Brands, Inc. which is comprised of KFC, Pizza Hut and Taco Bell Quick Service Restaurant chains.

The RCEP region is a very well established and important market for YRI and Australia is a valuable source of several core meat products used in YRI's restaurants there. Therefore, our company is very pleased that Australia will be a signatory to the RCEP agreement. Please note however, that several significant trade barriers on products used in YRI's Asia region restaurants remain. By eliminating these trade restrictions, YRI anticipates that its restaurant traffic would significantly increase in the Asia region thus requiring additional imports from Australia.

The following report identifies several tariff and non-tariff issues that YRI restaurants encounter when importing Australia meat products into Asia.

YRI respectfully requests that information in the attached document be included in the trade negotiations as related to the RCEP agreement.

Regards,

A handwritten signature in cursive script that reads "Ann Grappin".

Ann Grappin
Senior Manager, Global Trade Policy
Yum! Restaurants International

I. Tariffs:

Meat Products: YRI has over 5000 KFC, Pizza Hut and Taco Bell restaurants in the RCEP Asia region. Unfortunately, many of the products YRI currently imports or would prefer to import from Australia face tariffs that are among the highest in the world. These include:

Country	Product	HS Code	Current Tariff
South Korea	Boneless frozen raw beef	0202.30.0000	40% of CIF
South Korea	Sausage and similar meat preparations	1601.00.9000	30% of CIF
South Korea	Preparations of meat - Swine	1602.49.9000	27% of CIF
South Korea	Preparations of meat - Bovine	1602.50.9000	27% of CIF
South Korea	Processed Potatoes	2004	18% of CIF
South Korea	Tortillas	1905.90	8%-27% of CIF
India	Sausage	16010000	100% of(CIF value +1% of CIF value)
India	Preparations of meat - swine	16024900	30% of (CIF value = 1% of CIF value)
India	Processed Potatoes	20041000	30% of CIF
Indonesia	Preparations of meat-Bovine	1602500000	5% of CIF
Indonesia	Sausages	1601009000	5% of CIF
Indonesia	Processed Potatoes	2004100000	5% of CIF
Japan	Processed beef with and without seasonings	160250	20%-25%
Japan	Sausages	160100000	10% of CIF
Japan	Tortillas	1905.90	20%-25% of CIF
Vietnam	Preparations of Meat Bovine	16025000	22%-50% of CIF
Vietnam	Sausages	16010090	22%-50% of CIF
Vietnam	Processed Potatoes	20041000	20% of CIF
Malaysia	Sausages	160100910	10% of CIF
Philippines	Sausages	16010090	40% of CIF
Philippines	Preparations of Meat Bovine	16029090B	3% of CIF
Cambodia	Sausages	1601.00.00	35% of CIF
Cambodia	Preparations of Meat Bovine	1602.50.00	25% of CIF
Cambodia	Preparations of Meat Bovine	1602.50.00	25% of CIF
Cambodia	Processed Potatoes	2004	25% of CIF
Thailand	Processed Potatoes	20041000	30% of CIF
Myanmar	Processed Potatoes	2004100000	15% of CIF

In order to serve high quality Australian product at the lowest cost in YRI restaurants, YRI asks that in the RCEP agreement the Australia government ensure that the Asia RCEP Signatories reduce or eliminate the above mentioned tariffs to levels more in line with international standards. Ultimately, YRI is seeking that upon implementation of the agreement each of these tariffs be reduced to below 3% or less.

II. Quotas

Many of the Asia RCEP countries employ a quota system for meat imports. YRI asks that all previous product quotas be eliminated and no new quotas be implemented. However, if negotiations do result in a quota structure it is imperative that the quotas increase significantly each year in order to align with restaurant growth and demand for Australia meat products. YRI also asks that quotas be phased out within a few years rather than 10 or more years as in other FTAs.

III. Sanitary/Phytosanitary Rules and Enforcement

YRI also faces many non-tariff barriers in RCEP countries that are related to Sanitary/Phytosanitary (SPS) issues but often are not based on sound science. YRI supports the use of international standards and sound science for sanitary/phytosanitary concerns or technical barriers to trade and asks the RCEP negotiators to work toward conformity in these areas for all partner countries. The Sanitary/Phytosanitary chapter should include effective disciplines that emphasize the importance of harmonized, science based regulations and are fully enforceable with penalties for non-compliance. Also, in order to ensure proprietary information is protected, requests for percentages of ingredients on new and existing imports should not be allowed.

Additionally, to ensure uninterrupted supply there must be a rapid response mechanism in place in support of trade facilitation.

IV. Exclusions/Exemptions

YRI supports free and fair trade among all parties of the agreement and discourages any product exclusions or exemptions. It is imperative that processed food costs remain low which is achieved through pricing competition.

V. Estimate of Potential Increase in Exports if Barriers Were Removed:

Reducing these tariffs to 3% or less would allow YRI to free up funding to invest in building more restaurants in the RCEP region thus requiring the need to import millions of US dollars worth of additional meat products from Australia. Ensuring international Sanitary/Phytosanitary disciplines are in place would ensure uninterrupted supply of Australia product thus encouraging additional purchases as well.