



National Farmers' Federation

**Submission to the
Joint Standing Committee on Treaties inquiry
into the Trade Agreement between Australia
and Korea.**



Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

10 June 2014

Dear Committee Secretary

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Joint Standing Committee on Treaties inquiry into the Trade Agreement between Australia and Korea.

The NFF strongly supports the trade agreement with Korea as announced by the Prime Minister in December 2013. The NFF view is that the agreement will provide millions of dollars in export value to Australian farmers, including those in the red meat, grains, dairy, sugar, pork and horticulture sectors. The agreement recognises agriculture as one of the nation's export strengths and will open opportunities for the sector in Korea.

Given protectionist sentiment around agricultural goods is rife in many overseas countries, the NFF congratulates the Prime Minister and Minister for Trade and Investment on the swift forging of an agreement with Korea. Further to this the NFF wishes to acknowledge the work carried out by Australia's trade negotiators and officials (in both Canberra and Seoul), the Australian Ambassador in Seoul in relation to the negotiations. The NFF with commodity members have had a very cooperative engagement with Australian Government officials in the stages of the agreement's negotiations, before and following each negotiating engagement and subsequent to the release of the agreements text and schedules. This collaborative attitude has been successful and the NFF along with our member organisations look forward to building on the "Team Australia" approach.

The NFF has long advocated for trade agreements to be all-inclusive, factoring in all of our important agricultural commodities and this deal goes a long way towards this outcome. The NFF recognises that trade agreements are a negotiation and it is difficult to reach agreement on all issues particularly across the entire agriculture sector. Notwithstanding this, the agreement represents a strong step towards securing Australia's important trading future with Korea and in improving international market access for Australian agricultural goods. That said, the NFF will continue to urge the Government to persist with their good work by building on gains made on the Korean deal in other negotiations

Korea is Asia's fourth largest economy and Australia's third largest export market, with a \$30 billion AUD two way trade underway. The agreement gives Australian farmers and exporters significantly improved market access in goods eliminating high tariffs on a

wide range of products, including beef, wheat, sugar, dairy, wine, horticulture and seafood.

Importantly, the agreement also maintains Australia's competitive advantage in the Korean market in relation to major competitors, including the United States. Specifically and for example, Korea will eliminate its 40 per cent tariff on beef products progressively over 15 years, and will help to level the playing field for Australian beef exporters, particularly relative to the United States. Ninety nine point eight per cent of Australian goods exports will enter Korea duty free on full implementation of the agreement. Korea will eliminate tariffs immediately on entry into force for raw sugar, wheat, wine and some horticulture. Tariffs on most other agricultural products will be eliminated within short time frames thereafter. This is a good agreement for Australian farmers and for Australian agribusiness.

To ensure Australian agriculture does not fall behind our competitors in the Korean market, it is vital that the agreement is implemented before the end of 2014. If implementation occurs this year (even if late in 2014) Australian agriculture in particular dairy and red meat sectors will begin to take advantage of the tariff reduction timeline, and will move to 2nd year reductions as from the 1st of January 2015. If, however, implementation does not occur until 2015, Australia will fall another year behind in terms of commercial disadvantage to competitor countries such as the European Union and the United States.

It is vital that this opportunity for early implementation is not lost and the NFF, as the peak industry body representing Australian farmers and agribusiness, seeks the Joint Standing Committee on Treaties to endorse (without delay) binding treaty action for the Korea-Australia Free Trade Agreement.

For further information on this submission please contact:

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