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FOREIGN AFFAIRS SUBCOMMITTEE

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**JOINT STANDING COMMITTEE
ON FOREIGN AFFAIRS, DEFENCE AND TRADE**

Foreign Affairs Subcommittee

Monday, 1 December 2008

Members: Senator Forshaw (*Chair*), Mr Hawker (*Deputy Chair*), Senators Arbib, Mark Bishop, Ferguson, Fifield, Johnston, Ludlam, Moore, O'Brien, Payne and Trood and Mr Baldwin, Mr Bevis, Mr Danby, Ms Annette Ellis, Mr Gibbons, Ms Grierson, Mr Hale, Mr Ian Macfarlane, Markus, Mrs Mirabella, Ms Parke, Ms Rea, Mr Ripoll, Mr Robert, Mr Ruddock, Ms Saffin, Mr Bruce Scott, Mr Kelvin Thomson and Ms Vamvakinou

Foreign Affairs Subcommittee members: Mr Danby (*Chair*), Mrs Mirabella (*Deputy Chair*), Senators Arbib, Mark Bishop, Ferguson, Fifield, Forshaw (*ex officio*), Ludlam, Moore, O'Brien Payne and Trood and Mr Bevis, Ms Annette Ellis, Ms Grierson, Mr Hale, Mr Hawker (*ex-officio*), Mr Ian Macfarlane, Mrs Markus Ms Parke, Mr Robert, Mr Ruddock, Mr Bruce Scott, Mr Kelvin Thomson and Ms Vamvakinou

Members in attendance: Senators Arbib, Ferguson and Moore and Mr Danby, Ms Ellis, Mr Hale and Mrs Mirabella

Terms of reference for the inquiry:

To inquire into and report on:

Opportunities for expanding Australia's relationship with the countries of ASEAN, with particular attention to:

- opportunities to improve Australia's involvement in ASEAN;
- opportunities to enhance regional security through Australian involvement;
- free trade agreements with individual ASEAN countries;
- opportunities to enhance the regional economy;
- opportunities to improve cultural links; and
- the impact of global warming on the region.

WITNESSES

FLOR, Mr Timothy James, Policy Officer, Australian Pork Ltd 1
HAYDON, Mr Peter John, General Manager - Marketing, Australian Pork Ltd 1
PLOWMAN, Ms Kathleen Ann, General Manager - Policy, Australian Pork Ltd 1

Subcommittee met at 11.03 am**FLOR, Mr Timothy James, Policy Officer, Australian Pork Ltd****HAYDON, Mr Peter John, General Manager - Marketing, Australian Pork Ltd****PLOWMAN, Ms Kathleen Ann, General Manager - Policy, Australian Pork Ltd**

CHAIR (Mr Danby)—Welcome. I declare open this public hearing into Australia's relationship with ASEAN, which is being conducted by the Foreign Affairs Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. We are taking evidence from Australian Pork Ltd, which is the national representative body of Australian pork producers. The submission from Australian Pork Ltd has highlighted the challenges facing Australian exporters to ASEAN, including inconsistent tariff treatment by the countries of ASEAN and behind-the-border issues such as inspection fees and licensing arrangements. Australian Pork Ltd advocates the introduction of country of origin labelling in various ASEAN countries as a means of highlighting the quality of Australian pork products.

This is the fifth public hearing of this inquiry. The subcommittee has already received evidence in camera on two occasions in Melbourne and in Sydney. Later this month, the text of the ASEAN Australia New Zealand FTA will be released. The subcommittee will be keen to examine its text with a view to determining how it will benefit Australia's trade with ASEAN.

Although you do not have to give evidence on oath, you should be aware that these hearings are the equivalent of hearings in parliament and have the same standing as the proceedings themselves. I assume that you would like to make an opening statement.

Ms Plowman—Yes, thank you. We welcome the opportunity to present our views and concerns but, more particularly, the opportunities that may be open to us in the ASEAN market, particularly going forward when we look at the changing environment, the increasing population in ASEAN, the preference for pork, the changing social demographics and also aspects of climate change and carbon pollution reduction schemes, with both the impacts and perhaps the potential opportunities that may be open for agriculture. What we would like to see, which I think was represented in our submission, is a far more strategic view taken of small niche players—exporters such as Australian Pork Ltd—and how we can advance their interests in those markets. Thank you.

CHAIR—I appreciate your remarks. The committee has had a number of submissions about the treatment of Australian exporters by ASEAN countries, so I do not think the kinds of problems that I outlined in the introduction are isolated to Australian pork exporters. A former minister, Mr Macfarlane, who is on this committee, has outlined a number of difficulties that we have with Australian auto exports to Thailand in particular. I wonder whether you can elaborate on some of the behind-the-border issues that I referred to in my remarks. Firstly, can you categorise them? Can you give the committee further details about them? Also, can you give the committee a geographic description, country-by-country. Tell us what happens in each country.

Ms Plowman—I assume that you are talking about the actual practices that occur.

CHAIR—Yes.

Ms Plowman—The practices definitely differ from country to country. I would say that there are technical and non-tariff barriers which can impede the flow of product and make trading very difficult for our commercial operators. With regard to Thailand, I note that it is our third-largest offal export market. That might seem insignificant, but the value of the pig is the collective transactions. So, wherever we can trade our least valuable part of the pig—we are not big consumers of offal—that makes the entirety of the pig farm more valuable to us.

We are very disappointed in the Thailand FTA with Australia—most notably the long 20-year lead time for the tariff liberalisation, particularly when it is compared against the agreements that were offered for lamb and sheep meat. I recognise that they are bigger exporters than us; however, it is the view sometimes that, when you are perhaps a very small player in the export market, the challenges and the negotiations tend to favour a much larger export market. We believe that, looking ahead, niche exporters provide an opportunity going forward.

We have had some difficulties getting into the Malaysian market, if I remember correctly. That was more around their licensing facilities. Thailand is an okay market but, in the sense that it is trade prohibitive, that discourages pork imports. The system for issuing import permits needs to become more transparent. The inspection fees and onerous licensing procedures need to be reformed. I would suggest that the inspection fees and licensing procedures across a number of ASEAN countries tend to be prohibitive, and there could be some opening up there. Did you want to add to that, Tim?

Mr Flor—ASEAN countries all have different mechanisms for accepting imports into their countries. You would think that the ASEAN grouping would act as one voice and seek to harmonise all of their regulations to accept more products from Australia. There is the ongoing issue for ASEAN where they have preferential treatment for all ASEAN members, and not all ASEAN members are at the same stage of development. So that leads to different things like ASEAN 3—for the most advanced ASEAN countries—ASEAN 6 and, I think, ASEAN 10. So they have different things going on at the same time. One of the major problems we had with the ASEAN FTA was that the different countries within ASEAN wanted different things. So that could be a longer-term problem for us in the years to come.

CHAIR—If we could return to your comments about Malaysia, what were the problems that you said we had there?

Ms Plowman—Because they are so numerous—

CHAIR—The problems in Malaysia are so numerous?

Ms Plowman—No, they are numerous in the sense that for each country they are different. If we were to harmonise across the ASEAN, it would make trading a lot easier. But when we are dealing with each country there are specific problems. Sorry, I must have confused Malaysia with Indonesia. That is my mistake and I would like to correct it. In Malaysia there are opportunities for us but there are also a number of problems. The opportunity to reduce tariffs would be welcomed by the industry. In terms of Indonesia, I note the inspection requirements in terms of export establishments. Victoria has negotiated special export establishments which do

not require an AQIS inspector on site. We welcome those. They reduce costs and they are harmonising and liberalising for trade as well. That has only been negotiated for Victoria. When you look across other establishments it is far more onerous, and those costs are actually more.

CHAIR—So how do these AQIS inspectors work? Are they at an individual pig farm or are they at the other end?

Ms Plowman—No, they are at the actual export point. It is a requirement of our trading partners that an export establishment in Australia has an AQIS inspector there. There has actually been a move—and it has been around for a while—around having a tier 1/tier 2 system. Victoria has negotiated this for its export establishments. Do you want to add to that, Tim?

Mr Flor—AQIS facilitates inspectors from our trading partners to come and inspect all of our export facilities—all the abattoirs—to make sure that they meet their standards before any export establishment can be licensed to export to those nations. ASEAN, and a lot of other countries that we deal with, have different requirements, and I think there is some scope for AQIS to encourage more countries, and more inspectors from those countries, to come into Australia and look at our export establishments so that we can get the licensing arrangements for our products.

CHAIR—Yes, in the manner of Victoria—so that it is already done before they have to have inspectors. If we could change tack a bit, Australian farm pig meat exports show a long-term decline in volume—from 55,000 tonnes in June 2004 to 45,000 tonnes in June 2008. What is the reason for the decline? Related to this question, you note in your submission that there are opportunities to expand our pork export market. How does this long-term decline in export capacity affect the opportunity to expand?

Ms Plowman—Firstly, there has been a decline over a number of years, but our exports have stabilised at 16 per cent of our pigmeat production. That has actually been quite extraordinary, given the appreciation of the exchange rate et cetera, which is always a major factor in our declining exports, and also the fact that we have just contracted our pig-breeding herd quite significantly, by some 16 per cent since last year, in reaction to the drought and the flood of imports. We still maintain quite good access supply to Singapore, New Zealand and also Japan, and Hong Kong is also becoming a valuable market. Those markets need to be considered in terms of some of them being around chilled pigmeat and the others being in regard to some offal or segments of the pig.

The industry is undertaking a strategic review to develop its new five-year strategic plan. Naturally, the question you have just raised comes up. However, the industry believe that, in looking forward, we need to continue to develop our markets, that our opportunities lie in niche markets and that we need to ensure, first and foremost, that we can get access to those markets at least cost to our production. That will be a significant part of our plan going forward. Did you want to add to that, Peter?

Mr Haydon—Yes, but I would like to ask for one thing to be repeated, please—that is, the date of that figure in 2008.

CHAIR—According to figure 1, ‘Volume of Australian farmed pigmeat exports’, in June 2004 we exported 55,000 tonnes. The same table shows us that in June 2008 we exported 45,000 tonnes.

Mr Haydon—Thank you very much.

CHAIR—I do not know whether that was a temporary up and down, but I thought I would ask you.

Mr Haydon—The reason I asked for clarification was that I wanted to know whether we were looking at a number pre the big exchange rate change which has happened in the last eight or 10 weeks. I can confirm what Kathleen says: essentially, from a market perspective, there have been two driving forces in volume declines over the last four years. One is particularly exchange rate driven, which is Japan. That has reduced significantly over that time, and that is a pure exchange rate effect. The second—

CHAIR—So, in the last few weeks, you would expect that to have a major—

Mr Haydon—Certainly what I hear from the pig industry players that I talk to is that there has been a marked increase in the number of inquiries from Japan over the course of the last eight or 10 weeks. *Ceteris paribus*, the only thing I can see that has changed is the exchange rate over that period.

The second impact is a more recent one, which probably started in around February this year, which, as Kathleen alluded to, is a decline in the Australian herd and, as a consequence, some decline in any area where there is not a contracted volume. Clearly, if I am a pig farmer and I have contracted 100 to somebody, I honour my contracts first, which means that the residue is where any reduction is felt. I concur with Kathleen: the two driving forces are a smaller herd, which started declining probably around February or March, and the exchange rate.

CHAIR—My last question before I turn it over to Ms Mirabella, our deputy chair, or to Senator Arbib, is about your comment in the submission on page 10 that you believe:

... that ASEAN nations whose tariff liberalisation schedules are out of step with other ASEAN nations should be reviewed in individual bilateral agreements.

Can you identify the ASEAN nations whose tariff liberalisation schedules you believe are out of step?

Ms Plowman—I will hand that over to Tim Flor to answer and maybe we will also have to provide additional information on notice.

Mr Flor—A lot of these answers are in the submission. Thailand, for example, is looking at liberalising its tariffs for pork until, I think, 2020 over a 20-year period, and then you have the Philippines with its in quota and out quota arrangements for pork imports into the country. The bottom line is that they have different tariff arrangements and it is all over the place, so to speak. If, in the ASEAN FTA, this can be harmonised in some way this will mean better access for our exports. Was there something in particular?

CHAIR—I would like a grading of who is worse and who is better so that when we go to Mr Crean and ask him about the ASEAN FTA, we can ask, for example, ‘Have you addressed these problems with the Thai auto parts industry and with the Brunei pork exports? They are the two places that are the worst in those particular product exports for Australia.’

Mr Flor—One of the more difficult countries to export to is the Philippines.

Ms Plowman—Most definitely.

CHAIR—Is that because of their own production?

Mr Flor—It is part of their subsistence agriculture as well, so they look to protect their industry. Indonesia is okay. I think the tariff for pork exports to Indonesia is around 5 per cent but then again Indonesia is a mainly Muslim country so the amount of pork they consume and produce is quite small anyway.

CHAIR—But you do not have any problems with Indonesia or Malaysia from the point of view of exporting because they are predominantly Muslim countries? They do take pork but there are other problems once you arrive there that are the issue. It is not a threshold issue?

Ms Plowman—This is not a threshold issue for us at all. The issue is more the technical and non-tariff barriers. But, as Tim Flor said, the Philippines is definitely a very difficult market and so is Thailand to some extent. Even though we have an FTA with them it, does not benefit us in any way at all.

Mr Flor—We are better placed to comment on it once we see the details of the ASEAN FTA when it comes out. I know it has been signed off already. We are just waiting for the details.

Senator ARBIB—I have one question in relation to Singapore and I know what a huge market it is for your industry. I am going to Singapore in January so I thought it would be interesting to get a brief from you on it so I can raise it if necessary. On page 12 you make reference to the substitution of frozen thawed pork for fresh pork which can lead to poor quality and this is obviously a major problem. You also put forward country of origin labelling and clear guidelines for fresh, frozen, chilled and frozen thawed. Has that been raised with the Singapore authorities at all?

Ms Plowman—Not to my knowledge. It really is for a country to determine the value of country of origin labelling. However, this has been an ongoing problem for us in Singapore. It does damage the reputation of Australian pork through this substitution and also the perceived pork quality. I think Peter Haydon is better placed to answer that.

Mr Haydon—There are two separate parts to this. There have been some prosecutions that NEA in Singapore have brought over the course of the last year against some mainly independent wet market butcher-type outlets for substitution. Their approach was to make it public so the whole industry was aware that the NEA were looking at this and are being reasonably vigilant. The issue in wet markets is that often there is a high degree of variability of quality and almost everything is presented either as Indonesian fresh or as Australian fresh. But to the seasoned eye it is reasonably straightforward that a substitution has gone on. Indeed, it is

probably more likely to go on right now where imports from the likes from Brazil and particularly from the US are particularly cheap whereas prices for fresh pork from both Australia and Indonesia have gone up recently in line with global pork prices. There is probably an increased risk, or an increased financial incentive, for individual wet market operators to substitute right now.

The second part of the issue in terms of labelling is that there are some operators in Singapore who are currently contemplating presenting frozen, thawed—properly labelled—as a separate category. They are trying to position it somewhere between frozen and fresh in terms of price on the basis—they would argue—that because thawing is done in controlled conditions it is a better quality meat than frozen meat is. But Singaporeans are very discerning consumers of pork. We did research in June and July this year which said that there is a statistically significant preference for fresh over frozen. It is not a small difference; it is a very large difference. But certainly, from an Australian pig industry perspective, the other thing that that research said—and we did blind taste tests—was that the Australian pig industry is able to generate a product which meets the needs of Singaporeans as well or better than the product that has historically been believed by Singaporeans to be the best. That, historically, has been Indonesian product. Overall, if you look at cooked and uncooked perceptions combined, Australian was preferred. So from an industry perspective we can demonstrate that we can produce a product which best meets consumer needs.

Mrs MIRABELLA—Who are our major competitors, in volume of exports, to ASEAN nations?

Ms Plowman—Our major competitors would be Brazil—

Mrs MIRABELLA—Is this into Singapore and Vietnam?

Ms Plowman—Into Singapore, Brazil is emerging. The Danes are in that market. The US is about to, or has concluded, a Singaporean FTA. They are all threats to us; particularly Brazil, but also Denmark, the US and Canada. That is simply because they have a level of support which we do not enjoy. It makes their production a lot cheaper—or cheaper than we are. Pork is a low-margin business so any cost advantage is welcome. Brazil, for example, will not be covered, or is unlikely to be covered, by a CPRS for many, many years. It will just give it a bigger economic advantage in costs of production. And it already has a big cost of production advantage. The other thing we need to be cognisant of is, of course, that the reason we do a lot of market research is to make sure that we are on top of changing market preferences in Asia as people become more affluent. Also, there is a switch sometimes away from the fresh pork—sometimes they will substitute chilled or even a frozen category. So we need to be always on the front foot and prepare our industry to provide those markets.

Mrs MIRABELLA—So that is Brazil. Concerning the Danish and US examples, can you give us some indicative figures of the sort of support they would get, and what sort of cost advantage that gives them?

Ms Plowman—In the recent hog cycle—and I will describe it as that because it is a global hog cycle—the Canadians, for example, were provided with funding to cull their breeding herd direct: for every sow that was taken out they were given X amount of money.

Mrs MIRABELLA—Why? Scarcity?

Ms Plowman—If you reduce the herd quickly you reduce the supply of pork and you stabilise the price of that product. In Denmark—

Mrs MIRABELLA—Is that done for the domestic market?

Ms Plowman—It is done for the domestic market but it has flow-on effects to the export market as well. In the EU, Denmark was privileged to first private storage aid. That is what usually happens in Europe when there is difficulty in the market—they institute private storage aid so you get to store your pork until better times. That is eventually removed but it does not affect their cost of production as greatly compared to us, because we are open to those market changes.

Mr Flor—A lot of countries in the EU also have a lot of market price support mechanisms. As Kathleen mentioned, there is private storage aid. The Canadians have their support mechanisms as well. The US has their farm bill and a strong farm lobby. Of all the countries in the OECD, I think Australia's support for agriculture is one of the lowest.

Mrs MIRABELLA—In terms of pork imports, what proportion of the domestic market is made up of imported pork?

Ms Plowman—Quite a significant amount. We need to differentiate. In the Australian pork market, there are really two markets operating but they are related to each other. There is the fresh pork market. Our quarantine arrangements do not allow fresh pork to enter Australia. Any pork entering has to be processed. It can be either processed offshore, as long as it meets our quarantine arrangements, and that is something that might develop in the future, or processed onshore where it is turned into products such as ham, bacon and other processed goods. That particular part of the market has been growing. Sixty-five per cent of that market is imported. When you look at a pig, that almost equates to two-thirds of the pig being imported. So any export markets to which we can export those excess products, out of our market to a more highly valued market, is of great benefit to us.

Mrs MIRABELLA—Where is the fresh pork coming from? What is that 65 per cent comprised of?

Ms Plowman—The three principal importers into Australia include the US and Canada, which largely supply the ham. So if you are eating ham that is not bone in, that comes mainly from there. And bacon comes from Denmark. It is unfortunate that consumers do not perceive that ham and bacon is pork. There are almost two different markets for the consumer, yet when you produce a pig it is the same pig.

Senator FORSHAW—First of all, I apologise for being late. Following on from that question, you said 'processed'. Is processing just like cooking?

Ms Plowman—It has to be cooked.

Senator FORSHAW—Obviously it has to be cooked, but does it have to be something more than just cooked? You mentioned bacon. I know that a large part of processing means the cooking, but does it have to be cured for a certain period of time? Does the bacon can have to come in as sliced bacon?

Ms Plowman—It depends on the actual product. For example, we can now import Iberian ham, which is a great product if you can afford to buy it but it is not actually cooked per se. It is not allowed to be bone in. It is cured over a lengthy number of days, so it does meet specific quarantine arrangements in terms of the cooked product. It really depends on what it is, but everything must be cooked. It is boned out before it arrives. Certain other quarantine arrangements have to be adhered to and then it is cooked onshore at a particular temperature.

Senator FORSHAW—I am familiar with debate some years ago about cooked and uncooked chicken meat. I am not familiar with the pork industry.

Ms Plowman—It is a good question in the sense that in the Beale inquiry we made a submission regarding our concerns around whether those quarantine protocols have actually been adhered to, because industry evidence suggested that it is a very easy to substitute product.

Mrs MIRABELLA—You said that there are two markets. The first is the fresh pork market. How would you describe the second market?

Ms Plowman—There is the processed pork market. That is how we describe it.

Mrs MIRABELLA—And what percentage of that is imported?

Ms Plowman—The processed pork market is around 60 or 65 per cent.

Mrs MIRABELLA—So the fresh pork market is 65 per cent—

Ms Plowman—No—sorry, the processed pork market is 65 per cent. That is the only market that can contain imports. I would be very happy to send you some additional information on that.

Mrs MIRABELLA—Yes, please. Just to get it right in my head: the only meat that can be imported is processed, but can you import fresh pork and then process it?

Ms Plowman—Yes, you can import fresh pork but it must be boned out and have the lymph nodes removed. There are a number of quarantine requirements offshore. Then you process it onshore with the cooking arrangements.

Mrs MIRABELLA—Does a lot of that go on or do they just import the processed pork as is?

CHAIR—I want to try and finish by a quarter to if we can, so it is Mrs Mirabella and then Senator Forshaw.

Mrs MIRABELLA—You said there were two markets, one being the fresh pork market. The second market, how would you describe it?

Ms Plowman—We describe it as the processed pork market.

Mrs MIRABELLA—What percentage of that is imported?

Ms Plowman—For the processed one, it is around 60-65 per cent. That is the only market that can contain imports. We would be very happy to send you some additional information on that.

Mrs MIRABELLA—Yes, please. Just to get it right in my head, the only meat that can be imported is processed. Can you import fresh pork and then process it?

Ms Plowman—Yes. You can import fresh pork but it must be boned out and have the lymph nodes removed. There are a number of quarantine requirements offshore. Then you process it onshore with the cooking arrangements.

Mrs MIRABELLA—Is there a lot about that goes on, or do they just import the processed pork as is?

Ms Plowman—There was a slight testing of the market, I believe, where some processed product was processed offshore and came in. Certainly there is a growing opportunity, I think, for processors or for our retailers if they want to become involved in that practice. At present, though, nearly all of it comes in as frozen pork to be cooked onshore for processed pork.

Mrs MIRABELLA—And fresh pork is negligible in terms of the imported market.

Ms Plowman—There is none at all imported.

Senator FORSHAW—Have any questions being asked about the Philippines?

CHAIR—No. There have been some comments but no questions.

Senator FORSHAW—I was interested in getting you to expand upon your statement about the current tariff levels and quotas on the trade with the Philippines. Do you have any optimism for some improvement, particularly through an FTA if it ever comes or when it comes about?

Ms Plowman—We are always optimistic. For example, when we have been negotiating with Japan on an FTA, although agriculture is very slow there, we would be looking for something that we have given to Mexico as similar access. So anything that any of our competitors enjoyed in the Philippines in terms of access we would also be seeking. I should clarify, because I do not think you were present at our earlier discussion, that there are no real threshold issues for Australian pork going out. We are not big, which in one way is a great thing because we are not going to threaten the domestic production base. We are a small, we are targeting very niche markets, particular market segments there. We also have an opportunity where we can provide additional technical information into those markets. For example, we have one of the best pork training programs on farm in the world. It has been picked up by the EU and the US. So there are those benefits that we can provide. For us, the consistency and harmonisation across ASEAN has been very difficult. We note that the Philippines can introduce their in and out tariffs at will and that in their special safeguards circumstances they can do this without the need to prove injury if

there is only a dramatic change in imports. I might get Tim to answer any questions further to that.

Senator FORSHAW—Is the level of tariffs in the Philippines across the board? Do they have any particular special deals?

Mr Flor—Across all meats or just pork?

Senator FORSHAW—No, across all countries. Do they have any preferential arrangements for others?

Ms Plowman—The US has a slight preferential, which is not surprising given its relationship with the Philippines. We would have to come back to you.

Senator FORSHAW—I was being diplomatic, I suppose. We are not being singled out, are we?

Ms Plowman—No, I do not believe we are being singled out in the Philippines.

Mr Flor—It would only become an issue if they negotiated an FTA. Then there would be more preferential treatment or something to that effect. Probably an issue with inter-ASEAN trade because they are a regional economic bloc as well.

Senator FORSHAW—We have had our issues over the years about other products.

Ms Plowman—I see what you are saying.

Senator FORSHAW—I am trying not to, I suppose.

Ms Plowman—I understand. Yes, there have been issues with the Philippines, regarding Australian product entering. In part, perhaps, it is the perception that they do not have fair access into Australia, despite the fact that we do really need to ensure that our quarantine arrangements are met first and foremost.

Senator FORSHAW—But, if these sort of tariff levels and quota levels are applied generally, it does not appear to be a reciprocal difficulty.

Ms Plowman—No, not at all.

Senator FORSHAW—But it may slow down the progress of any negotiations.

Ms Plowman—That is the problem. It slows down the negotiations and slows down trade. If I could come back to a very good point that Tim made. There is a lot of product traded between ASEAN, so it is very difficult for a competitor country to come in, even if it is only targeting that niche market. That is one of our single biggest obstacles.

Senator MOORE—I apologise for missing the first half of this hearing; there was so much on this morning. I am interested in your point about the training. My father-in-law was deeply involved in that in Queensland, so I am interested in the possibilities of the expansion of training overseas, in terms of the particular work that being done through agriculture colleges and other processes to really get that on-farm training and accreditation for people. Has there been the opportunity to have that exported to other places in the region?

Ms Plowman—Not within the region. Although we did apply for some funding through the Queensland DPI—sorry, I cannot remember the country—

Mr Flor—It was for the Australia-China Agricultural Technical Cooperation. The Queensland DPI hosted some representatives from Shanghai. They looked around some of our quarantine practices and our export establishments. I think the program was about facilitating knowledge-building for other countries so that, when we export to those countries, they will judge our exports on our own production principles. So, if there is some scope to bring those programs to other countries that we trade with, then there is some possible benefit for us—because it is aid for trade philosophy.

Senator MOORE—Did you get the money from DPI?

Mr Flor—No. We did not.

Ms Plowman—Unfortunately not.

Senator MOORE—I thought you might not have. I thought I would get that on record, because of the way you so diplomatically said that you applied for it rather than that you got it.

Ms Plowman—We applied and, unfortunately and sadly, we did not get it. But we do look for those opportunities, because it is by providing that knowledge base that you start to have a more informed base with which to work and, hopefully, an opening into market access.

Mr Flor—That program was particularly important because we still do not have export access to China.

Senator MOORE—Exactly. It is a huge market.

Ms Plowman—Yes, it is. So it was disappointing. We saw that as an opportunity to build relationships there.

CHAIR—I would like to come back to a market that we have not talked about yet—Vietnam and Cambodia. On page 24 of your submission, you say that Vietnam may have to import pork by the end of this year if ‘the livestock breeding and feed industries fail to solve the current problems’. What are those current problems?

Mr Flor—They have got a lot of disease problems. I think we put down here that they have outbreaks of foot and mouth disease, which do not only impact pork but also the production of other livestock species such as beef and chicken—not chicken—I am not sure what the other

livestock would be. I think that, in a lot of these developing countries, disease management is a big issue.

Ms Plowman—I would like to commend the work that the Australian government does in those areas—in foot and mouth disease—through Dr Gardner Murray. It is tremendous work that they do. We provide a lot of expertise and development, and there are a lot of strategic goals about the removal of foot and mouth disease, which is obviously a threat to Australia. So I think we do some great work there.

CHAIR—The Vietnamese import duties are due to go down to zero over the next five years. Is that right?

Ms Plowman—That is what we would like.

CHAIR—You want to reduce the tariff in Cambodia, which is 35 per cent at the moment?

Ms Plowman—Yes.

Mr Flor—This is what we pushed for in the industry consultations for the negotiations into the ASEAN—

CHAIR—So that is how you press for these reductions—at industry consultations?

Ms Plowman—Being a very small industry, we do not necessarily have the resources or weight of the red meat industry. Our opportunity to influence those negotiations is largely through the broader industry consultations. We try very hard to build up a relationship or a rapport with those responsible for those particular FTAs in DFAT. It is not a shortcoming of the individual, it is just that we are small. It has often been my experience, having watched a number of FTAs being negotiated and concluded. As an industry you do not really know until it is written, so you are living in good faith, you are hoping. When you are small you can almost have a very good bet that if someone has to be traded off it will be you, and that was apparent in the Thai FTA.

Mr Flor—The bigger agricultural industries—say, beef or wool—always get the bigger say in what goes on in these negotiations. They are a large part of our agricultural exports to the region.

Ms Plowman—It is understandable. What I would like to see, though, is perhaps a shift in some focus or an expansion of that view in DFAT, because in the next five years the market is going to change, particularly in a carbon pollution reduction scheme, and we need to be actively supporting our niche exporters. There are great opportunities and they will provide access and grow those markets.

CHAIR—In the absence of any other questions, I thank you for your attendance here today. If there are any matters on which you might need additional information, the secretary will write to you. We will send you a copy of the transcript of your evidence. You can obviously make any corrections to errors in transcription. Thank you very much for appearing here today.

Ms Plowman—Thank you.

Mr Flor—Thank you.

Resolved (on motion by **Mrs Mirabella**):

That this subcommittee authorises publication of the transcript of the evidence given before it at public hearing this day.

Subcommittee adjourned at 11.47 am