

Explanatory Statement 11 of 2019

Agreement between the Governments of Australia, the People's Republic of China, the Republic of Korea, The Kingdom of Thailand, the United States of America, and the Socialist Republic of Viet Nam, pursuant to Article XIII of the General Agreement on Tariffs and Trade, on the establishment of country-specific quotas in the Republic of Korea's World Trade Organization Tariff-Rate Quota for Rice.

Practical and legal effect

1. The proposed Agreement would give effect to a negotiation undertaken with the Republic of Korea (the ROK) under Article XIII of the General Agreement on Tariffs 1994 (GATT) under the World Trade Organization (WTO) on rice imports. The Agreement would establish country-specific quotas (CSQs) for Australia, China, Thailand, the United States and Vietnam in relation to the ROK's proposed WTO tariff rate quota (TRQ) for rice, pursuant to Article XIII of the GATT.
2. The Agreement would extend rights to Australia to export rice to the ROK under a new 15,595 tonne per annum CSQ within the ROK's WTO rice TRQ. The Agreement would also extend rights to export rice to the ROK for China, Thailand, the United States and Vietnam under CSQs. The ROK offered CSQs to Australia and the other Parties to resolve previously raised concerns in the WTO (known as 'objections') in 2014 in relation to the ROK's originally proposed WTO rice TRQ.
3. The Agreement would not impact significantly on the national interest and it would have a negligible practical, legal or financial effect on Australia. All of the substantive legal obligations would fall on the ROK to provide market access for rice imports (through the CSQs). The only action required by Australia would be to remove its formal WTO objection to the certification of the ROK's modified WTO Goods Schedule containing Korea's proposed rice TRQ; an act that would be within the remit of the Department of Foreign Affairs and Trade. The other Parties receiving CSQs under the Agreement (China, Thailand, the United States and Vietnam) would also be required to remove their objections to the certification of the ROK's proposed rice TRQ in the WTO.

Nature and timing of proposed treaty matter

4. In 2014, Australia lodged a formal objection at the WTO to the ROK's proposed conversion methodology and the administration of its tariff rate quota (TRQ) on rice. China, Thailand, the US and Vietnam objected on similar grounds. In November 2018, in an effort to resolve the concerns, the ROK proposed to give CSQ volumes to Australia, China, Thailand, Vietnam, and the US, in exchange for the removal of each WTO Member's objection. In September 2019, the five Parties agreed with the ROK on the volumes of the CSQs, finalising the substance of the Agreement. The Agreement would require the ROK to implement the agreed CSQs in exchange for Australia, China, Thailand, the US and Vietnam removing their objections to the ROK's modified WTO Goods Schedule.

5. The ROK has requested all of the Parties to sign the Agreement before the end of 2019 in order for the Agreement to enter into force on 1 January 2020. It is proposed that Australia sign the Agreement prior to that date. The ROK would implement the new CSQs from 1 January 2020, at the start of the calendar year for the ROK to administer its rice TRQ. Australia would be required to remove its objection to the certification of the ROK's rice TRQ within fourteen days of the Agreement entering into force.

Reasons for Australia to take the proposed action relating to the treaty matter

6. The key domestic constituency on this matter, Australia's rice industry, fully supports the Agreement, owing to the benefits that would flow to Australian rice exporters. These benefits are additional to the Korea-Australia Free Trade Agreement (KAFTA), in which Korea excluded a market access outcome on rice for Australia.
7. The Agreement is consistent with current foreign and trade policy.

Implementing legislation

8. No legislative changes are needed to implement the proposed treaty action.

Office of Trade Negotiations
Department of Foreign Affairs and Trade

Submitted to JSCOT
November 2019