



16 August 2019

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

Via email: jsct@aph.gov.au

Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

I am writing on behalf of the Australian red meat and livestock industry¹ in response to the Joint Standing Committee on Treaties (JSCOT) inquiry into the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), as tabled in the Australian Parliament on 21 March 2019, and referred on 29 July 2019.

Indonesia is a vitally important customer for significant quantities of Australian live cattle, beef and offal and has a steady requirement for sheepmeat, albeit smaller volumes. Indonesia is one of the largest beef markets in Asia, with total consumption volume forecast to grow 9% by 2022. Indonesia's large population, expanding middle-class consumers, rapid urbanisation and robust economic growth are the key driving forces of this growth. An enhanced trade partnership, cementing strategic trade ties via IA-CEPA, is therefore strongly endorsed.

Key benefits contained in IA-CEPA for our sector include:

- The establishment of a quota (with a 0% in-quota tariff) for 575,000 head of live (male) cattle, which will grow by 4% per annum over five years to 700,000 head. Import permits will be issued automatically on an annual basis and without seasonal restrictions - a welcome improvement on previous administrative procedures. A review of this trade will be conducted after five years to consider future increases in the quota (i.e. above 700,000 head);
- Liberalised access for female live cattle exported to Indonesia, with 0% tariff on entry into force (EIF) of the agreement and no quota or import permit restrictions;
- Immediate or gradual liberalisation of tariffs applicable to boxed beef and sheepmeat exports to Indonesia – whereby those tariff lines not already benefiting from 0% tariffs secured under AANZFTA, will benefit from either a 0% or 2.5% tariff on EIF (down from 5%) with the tariffs being eliminated altogether over five years;
- Similar advantages will be extended to frozen offals - with the 5% tariff eliminated on EIF of the agreement.

In delivering the above, IA-CEPA will build on the favourable ASEAN-Australia-New Zealand FTA (AANZFTA) outcomes and provide a framework for a more market orientated import regime. These improvements will in turn help underpin a more viable trade platform, which will be of benefit not only to our sector but also the Indonesian supply chain - including red meat and live cattle importers, feedlot entities receiving Australian live cattle and utilising Australian feed grains (which also secured improved access), as well as Indonesian retailers and foodservice operators.

¹ Red Meat Advisory Council; Australian Livestock Exporters' Council; Australian Lot Feeders' Association; Australian Meat Industry Council; Cattle Council of Australia; Goat Industry Council of Australia; Sheep Producers Australia

In addition to the above, the entry into force of IA-CEPA is viewed as crucial given Australia is now facing an increasingly competitive market - whereby Indonesia is granting access to numerous other (lower cost) beef suppliers. Preferential access via the removal of import tariffs will assist in Australian product in remaining as cost competitive as possible.

Importantly, this economic partnership will also establish better mechanisms for Australia to address current and future technical market issues and non-tariff barriers – which is just as necessary as the removal of tariff barriers.

Ongoing dialogue between Australia and Indonesia, facilitated by IA-CEPA, will remain integral to realising the aforementioned benefits. In so doing, effective industry and government partnership initiatives will need to be leveraged, such as the existing Indonesia-Australia Red Meat & Cattle Partnership to which our sector and the Australian Government is devoting significant resources (AUD\$60 million over 10 years, to 2023).

We are also supportive of the economic cooperation provisions contained in Chapter 15 that would support the effective implementation of the agreement.

Based on the IA-CEPA text and accompanying tariff elimination schedule, the Australian red meat and livestock industry recommends that the Joint Standing Committee on Treaties endorse IA-CEPA and that binding treaty action be taken immediately.

Yours sincerely

Andrew McCallum
Global Manager - Trade & Market Access
Meat & Livestock Australia
amccallum@mla.com.au