

5 October 2015

Committee Secretary
Senate Foreign Affairs, Defence and Trade References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

By email: fadt.sen@aph.gov.au

Dear Sir

Trans-Pacific Partnership Agreement (TPP)

The Australian Sugar industry Alliance (ASA) supports the proposed Trans-Pacific Partnership Agreement (TPP) tabled in Parliament on 9 February.

With 80% of Australian raw sugar production exported, the Australian Sugar Industry Alliance actively works to improve conditions for raw sugar exports.

Around one-third of these exports valued at more than \$510 million annually are sold to TPP member countries. In this context, securing new market access opportunities for sugar in the Trans-Pacific Partnership (TPP) is a significant achievement and for the sugar industry an important step forward.

TPP market access gains for Australian sugar, once the agreement enters into force, include:

- USA
 - The TPP increases Australia's access to the US by an additional 65,000 tonnes of access (a 74% increase over the current 87,402 tonne base level quota access), plus 23% of any future additional quota allocations for raw sugar, up from 8% currently
 - The base increase, the largest increase in base level access the US has granted to a single sugar exporting country in more than 20 years, is valued at more than \$13 million annually.
 - The TPP removes the WTO in-quota tariff – worth approximately \$3 million annually based on Australia's current quota allocation.
- Japan
 - The TPP builds on the JA-EPA, elimination of Japan's tariff and reduction in the levy on Australia's high pol sugar exports on entry into force of the TPP by:
 - first, converting the levy for high pol TPP sugar to be equivalent to the levy for low pol sugar in the TPP – this is equal to a ¥0.6/kg (\$7/t) reduction in the high polarity level
 - second, the TPP also reduces the levy on high pol TPP sugar by a further ¥1.5 y/kg (\$18/t) – this element represents a JA-EPA plus outcome as there was no reduction to the levy (beyond the conversion factor) in JA-EPA.

- Canada
 - Australia already has duty free access for raw sugar into Canada.
 - The TPP eliminates Canada's tariffs on refined sugar (currently CA\$30.86/tonne) within 5 years of entry into force of the TPP.
- Mexico
 - Australia will receive a guaranteed 7% of any Mexican tariff rate quota for raw sugar in the years in which it is offered.
 - Australia is only the sixth country Mexico has offered such an outcome.
- Vietnam
 - Although maintaining its WTO quota, Vietnam will eliminate in-quota tariffs on TPP members' sugar on entry into force of the agreement.
- Malaysia
 - Australia will be allowed to engage in the wholesale distribution of refined sugar in Malaysia for use in the food and beverage industry.
- Other TPP Parties
 - Elimination of tariffs on Australian sugar exports to other TPP Parties (Chile and Peru will maintain their price band systems which apply to some sugar products).

The TPP is an important agreement because it improves market access for Australian raw sugar in key markets and sets an important precedent for improving Australia's access for sugar in the Regional Comprehensive Economic Partnership and other free trade agreements that Australia is presently negotiating.

The TPP is an important step in securing improved access in each of Australia's major raw sugar export markets.

ASA welcomes the agreement and encourages the Committee to recommend its adoption to Parliament.

Yours faithfully

John Pratt
Chairman