

1 May 2018

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 Committee Secretary

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP)

Consisting of the Australian Sugar Milling Council, CANEGROWERS, Queensland Sugar Limited and Sugar Research Australia, the Australian Sugar Industry Alliance (ASA) supports the proposed Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP) tabled in Parliament on 28 March 2018.

With 88% of Australia's 4.4 million tonnes of 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 CP-TPP member countries. In this context, securing improved market access opportunities for sugar in the CP-TPP is a significant achievement and an important step forward.

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

Japan

- The CP-TPP builds on and consolidates the concessions provided in the Japan-Australia Economic Partnership Agreement (JA-EPA) by:
 - bringing into effect the JA-EPA outcome being a full tariff elimination on high (>98.5 and <99.3) and low pol (<98.3) sugar
 - making the variable levy for high pol sugar equivalent to the variable levy for low pol sugar— this is equal to a ¥0.6/kg (\$7/t) reduction in the high polarity level
 - reducing the variable levy on high pol CP-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).
- Positively, because of CP-TPP and JA-EPA, Japan will be Australia's highest earning market and Australia now enjoys the largest tariff and levy concession of any high-pol sugar exporter to Japan – thereby consolidating Australia's competitive position.

Canada

- Australia already has duty free access for raw sugar into Canada.
 - The CP-TPP eliminates Canada's tariffs on refined sugar (currently CA\$30.86/tonne) within 5 years of entry into force of the CP-TPP. In effect, this will reduce the freight differential advantage that Brazil has traditionally enjoyed into this market.

Mexico

- Australia will receive a guaranteed 7 percent 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 World Trade Organisation quota, Vietnam will eliminate in-quota tariffs on CP-TPP members' sugar on entry into force of the agreement. In effect, this expedites the planned phase-out of the current 5 percent tariff by January 2020.

Malaysia

- Australia will be allowed to engage in the wholesale distribution of refined sugar in Malaysia for use in the food and beverage industry.

The CP-TPP is an important agreement because it improves market access for Australian raw sugar in key markets.

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

Recognising the importance of improving and strengthening the trading relationship between Australia and the US for sugar, we look forward to Australia re-engaging with the US to secure a similar and perhaps improved outcome than that which would have been achieved under the TPP-12 agreement following the ratification and entry into force of CP-TPP.

Yours faithfully

Dan Galligan
Joint Secretary and Chief Executive Officer
CANEGROWERS

David Pietsch
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