



15 August 2014

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

Dear Secretary

On behalf of JBS Australia Pty Limited, I provide the following commentary in relation to the Japan – Australia Economic Partnership Agreement (JAEPA). As a major Australian meat processor and feedlot operator, we support and commend the Federal Government in the outcomes achieved through the completion of these negotiations.

To put the negotiations in context, trade negotiations with Japan to achieve improved market access through lowering of tariffs, especially with beef was going to be challenging. Historically, Japan has strongly sought to protect a range of 'sensitive products' such as beef.

It must be remembered that Japan has and continues to be the major export market in both tonnage and value for Australian beef. This is an important point for consideration by the Committee.

Based on a 38.5% tariff rate, the Australian beef industry has incurred based on historical export volumes additional costs of around \$600 million on product entering this market. The impact is that this considerable cost finds its way down through the whole beef supply chain.

Through these negotiations, the Australian beef industry sought the elimination of all import tariffs imposed by Japan. Unfortunately, this was not achieved. However, what has been achieved under the JAEPA, is that tariffs on frozen Australian beef to Japan will decrease from 38.5% to 19.5% over 18 years. Tariffs for chilled beef will also decrease from 38.5% to 23.5% over 15 years. Importantly, for frozen beef the tariff will decrease by 8% and for chilled beef 6% in year one of the Agreement coming into effect.

As we know the international animal protein business is high competitive. Australia is a major beef exporter and in Japan competes aggressively against United States grain-fed beef. The outcome for beef achieved through the JAEPA, positions Australia well in terms of its competitiveness in this market.

We also need to be aware that there are an ongoing range of trade deals in progress including the Trans-Pacific Partnership and Regional Comprehensive Economic Partnership. An important benefit achieved through JAEPA is the inclusion of a Most Favoured Nation (MFN) provision. This provision provides for Australia and Japan to immediately review arrangements, when preferential deals over Australia are negotiated by other countries. Simply, if another country negotiates a superior deal to that achieved in beef under the JAEPA, Australia seeks to achieve immediate equivalent treatment.

We are also a major lamb processor in Australia and the JAEPA also provides for zero tariffs on this product, which will assist in further development of this growing market.

Another provision to protect the interest of the Australian beef industry is the automatic review in year 5 of the Agreement. This ensures the ability to negotiate and maintain momentum on tariff and trade reform.

The outcome of this negotiation between Australia and Japan under the JAEPA is significant in trade terms. Australia is the first major exporting country to conclude an agricultural trade agreement with Japan.

As a major exporter of both grain-fed and grass-fed beef and lamb to Japan we support the outcomes achieved by the Australian Government through the JAEPA and recommend the Joint Standing Committee on Treaties endorse the Agreement as a matter of urgency to ensure the Australian beef industry benefits from lower tariff arrangements.

Yours sincerely

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JBS Australia Pty Limited