

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 221

Division/Agency: Trade and Market Access Division

Topic: Bilateral preferential deals and Biosecurity implications with importation of agricultural good from China

Proof Hansard page: 49

Senator CAMERON asked:

Senator CAMERON: I should correct myself. They are not free trade agreements; they are bilateral preferential deals. It is not free trade. What is the estimate of increased importation of agricultural goods from China?

Mr Chapman: I do not know. Sorry.

Senator CAMERON: Has the department looked at this?

Dr Grimes: I would have to take it on notice or perhaps raise it when we come to our Trade and Market Access Division. It is probably more likely. There will be increased trade across all dimensions, I am sure, but a large focus in trade from Australia is agricultural products to China—there will be some agricultural products, of course, that come into Australia as well—but also growth in trade of non-agricultural products. Of course, they are relevant to us with our biosecurity responsibilities, because we need to be looking at those as well, including the way in which they come into the country, because we have to make sure that they are checked for pests and diseases.

Senator CAMERON: So the agriculture department did not do any analysis of the financial implications? That is not what I was asking, but that is interesting. What I was asking was about the biosecurity.

Dr Grimes: My understanding is that your question relates to increases in volumes and what the implications of that are for biosecurity. As I indicated before, I would be surprised if we have done the aggregate level analysis in the way that you have suggested. But, as Mr Chapman indicated, looking at trade flows is actually core business for us. I would be surprised if we have undertaken that sort of analysis. I am happy to take it on notice just to check, but I would be surprised if we have done an analysis at that level.

Answer:

The China-Australia Free Trade Agreement is not expected to lead to substantial increases in volumes of agricultural imports given Australia's already low tariffs (such as forestry and horticulture products) or zero tariffs (such as seafood products) on imports that are of interest to China.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 222

Division/Agency: Trade and Market Access Division

Topic: Percentage of our agricultural exports

Proof Hansard page: 78

Senator CAMERON asked:

Senator CAMERON: What percentage of our agricultural exports do sugar, wheat, cotton, rice, canola and vegetable oils comprise?

Mr Murnane: To China or more broadly?

Senator CAMERON: More broadly and to China?

Mr Murnane: It might be easier if I could provide you that on notice. They are significant. Cotton is our second largest export to China at the moment behind wheat.

Answer:

Sugar, wheat, cotton, rice, canola and vegetable oils comprise 30 per cent by value (\$2.72 billion) of Australia's total global exports in 2013. These products make up 29 per cent by value of Australia's total exports to China. Of that 29 per cent, cotton and wheat are the main exports and generally attract a tariff rate of 1 per cent under existing WTO market access arrangements for all WTO countries, including Australia.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 223

Division/Agency: Trade and Market Access Division

Topic: Analyses that exclude commodities for each trade agreements and behind-the-border barriers

Proof Hansard page: 78-79

Senator CAMERON asked:

Senator CAMERON: You were discussing the Korean agreement earlier and the Japanese agreement. Could you give the committee a document that analyses the excluded commodities for each of these trade agreements?

Mr Murnane: Yes, we could provide that to you.

Senator CAMERON: And could you provide us with details, like you did with China, about what our exports are worth to each of these countries?

Mr Murnane: Yes.

Senator CAMERON: So if you could provide us with the details of the excluded areas. Can you also provide details of the behind-the-border barriers for agriculture in each of these areas?

Mr Murnane: Can you be a little bit more specific about that?

Senator CAMERON: Well, behind-the-border barriers—if there are customs problems, if there are supply chain issues getting in. Just barriers. You have been on trade negotiations, Mr Murnane, and you do not understand what behind-the-border barriers are?

Ms Evans: I think Mr Murnane well understands what it means. He is just trying to understand what you are asking for terms of product from the department.

Senator CAMERON: If he understands what it means then he can answer.

Senator COLBECK: The scope of that can be pretty wide.

Senator CAMERON: No, the behind-the-border barriers for agriculture. That is what I am asking.

Question: 223 (continued)

Answer:

| Agricultural products excluded from KAFTA | | |
|--|---|--|
| Commodity | Exports A\$ 2013 (CY) | Tariff and Non-Tariff Measures (NTMs)** |
| Milk powder | \$33m | 176% tariff. NTMs include: Market price support payments; Maximum Residue Limit (MRL) requirements; differentiated pricing system; food labelling standards |
| Rice | \$22m* | 5% tariff and import quota restrictions apply under Korea's WTO minimum market access (MMA) commitments. Shift from MMA commitments to a tariff-based system to commence on 1 January 2015 with a proposed out of quota rate of 513%. NTMs include: State trading system; market price support payments; MRL requirements; packaging requirements; Food labelling standards |
| Honey | \$391 000 | 243% tariff or 1,864won/kg, whichever is the greater. NTMs include: MRL requirements; food labelling standards |
| Walnuts | \$4000 | 45% tariff for in shell and 30% tariff for shelled walnuts. NTMs include: State trading system; MRL requirements; Food labelling standards |
| Frozen pork belly | Minimal trade | 25% tariff. NTMs include: Market price support payments; MRL requirements; food labelling standards |
| Onions | No trade (technical market access exists) | 135% tariff or 180won/kg, whichever is the greater. NTMs include: State trading system; customs inspections; MRL requirements; Food labelling standards |

* Due to sensitive commodity, value sourced from UN Comtrade for CY2013

** Data sourced from WTO Trade Policy Review of Republic of Korea (19 and 21 September 2012), WTO Trade Policy Review of Japan (19 and 21 February 2013) and OECD's Agricultural Policy Monitoring and Evaluation 2014 report.

Question: 223 (continued)

| Agricultural products excluded from JAEPA | | |
|--|--|--|
| Commodity | Exports A\$ 2013 (CY) | Tariff and Non-Tariff Measures (NTMs)** |
| Wheat for food | \$356m | Import quota restrictions apply under Japan's WTO Minimum Market Access (MMA) commitments (zero tariff in-quota and 55 yen/kg out-of-quota tariff). NTMs include: Market price support payments; Maximum Residue Limit (MRL) requirements; Food labelling standards |
| Sugar (Low polarity sugar) | \$201m (all sugar exports) | Import quota restrictions apply under Japan's WTO MMA commitments (zero tariff in-quota). NTMs include: State trading system; market price support payments, import levy arrangements; MRL requirements; and Food labelling standards |
| Rice | \$40m* | Import quota restrictions apply under Japan's WTO MMA commitments (zero tariff in-quota and 341 yen/kg out-of-quota tariff, equivalent to 780%), and a special safeguard . NTMs include: Market price support payments; MRL requirements; Food labelling standards |
| Dairy (fresh milk, milk powders, butter and dairy spreads) | Milk: \$1.2m Milk powder: \$26m Butter: \$1.7m | Tariffs of 25% on milk, 35% on milk powder, 35% on butter. Import quota restrictions apply under Japan's WTO MMA commitments (zero tariff in-quota and out-of-quota tariffs as above), and special safeguards. NTMs include: State trading system; market price support payments; MRL requirements; Food labelling standards |
| Pineapples | No trade (technical market access exists) | 17% tariff. NTMs include: MRL requirements; Food labelling standards |

* Due to sensitive commodity, value sourced from UN Comtrade for CY2013

** Data sourced from WTO Trade Policy Review of Republic of Korea (19 and 21 September 2012), WTO Trade Policy Review of Japan (19 and 21 February 2013) and OECD's Agricultural Policy Monitoring and Evaluation 2014 report.

Detailed information on agricultural NTM in all markets that Australia has agreed FTAs with can be found in the WTO Trade Policy reviews for these markets, available on the WTO website: www.wto.org Those trade policy reviews also identify NTMs that relate to the products excluded under Australia's FTA's with Japan and Korea.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 224

Division/Agency: Trade and Market Access Division

Topic: Behind-the-border barriers

Proof Hansard page: 79

Senator CAMERON asked:

Senator CAMERON: It is very simple: tell the committee what the behind-the-border barriers are in those countries that we have signed bilateral free trade agreements. Is that an issue?

Mr Murnane: We will take that on notice and see what information we can provide to you.

Senator CAMERON: That is the detailed stuff, right? Mr Murnane, tell me some of the big ticket, behind-the-border barriers that you discussed in the negotiations.

Mr Murnane: As I say, with the China discussions, the Chinese side focused on the structure of their domestic market and the fact that a lot of very small and often subsistence farmers rely on the on-growing rice or wheat, for example. Therefore, they were not able to liberalise those products because of their concern for the impact.

Senator CAMERON: That is not what I am asking you. You have already said that. I have accepted that.

Mr Murnane: I can certainly give you that sort of information.

Senator CAMERON: No, I do not want that sort of information. The information that I am asking and that you are going to take on notice is: what are the behind-the-border barriers that are still in place with these bilateral agreements? I am asking you: in the China agreement, what were the big behind-the-border barriers that were identified and not dealt with?

Answer:

Industry consultations are undertaken ahead of all our FTA negotiations to examine the merits of an FTA with a particular country, which includes consideration of the tariff and non-tariff measures (NTMs). These studies are completed by the Department of Foreign Affairs and Trade (DFAT) and the partner country and invite submissions from the public and industry.

Detailed information on agricultural NTMs in all markets that Australia has agreed FTAs with can also be found in the WTO Trade Policy reviews for these markets, available on the WTO website: www.wto.org. In particular, there are recent trade policy reviews on the three FTA markets Australia has agreed this year with Japan, Korea and China.

Question: 224 (continued)

The WTO and OECD have indicated that technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures are the most frequent NTMs in agriculture and they occur in a number of key Asian markets (including where Australia has FTAs). Such measures can include domestic subsidies and support measures, import licensing arrangements, and domestic regulations and taxes, as well as food safety and biosecurity measures, including inspection, certification and audit, and requirements for labelling, registration, microbiological testing and quality.

Under the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement) and the WTO Agreement on Technical Barriers to Trade (TBT Agreement) member countries are allowed to set their own level of SPS protection and relevant technical requirements if they are based on science or aim to protect life, health or the environment. Negotiations on these requirements are separate to trade negotiations. While FTAs generally include SPS provisions, this is to reiterate WTO rights and obligations and/or establish consultative processes for discussion of SPS and TBT issues.

Where agricultural NTMs have been identified that are not science based TBT or SPS measures and relate to domestic support or state management measures (such as import licensing) these have been addressed where possible in Australia's FTAs. For instance, import licensing restrictions for milk and rice were addressed under the Malaysia-Australia Free Trade Agreement; meat grading standards were addressed in the Chile-Australia Free Trade Agreement, and improved quota access was achieved under the Thailand-Australia Free Trade Agreement.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 225

Division/Agency: Trade and Market Access Division

Topic: Analysis of the behind-the-border barriers

Proof Hansard page: 80

Senator CAMERON asked:

Senator CAMERON: I do not know why this is such a hard question. We have just sat down and negotiated a bilateral trade agreement with three major trading partners, and I am simply asking: what was our analysis of the behind-the-border barriers? If you have not done it, then you should just say we were delinquent and we did not do it. But if you have done it, tell us what was found.

Mr Murnane: One of the reasons I am struggling is that I am not sure that we did it in the way that you are asking, but I can provide you, on notice, with our analysis of things that make it difficult to get into some of these markets—for example, the fact that some of the imports are dominated by state trading corporations. That can make it difficult. As we were talking about earlier with Japan, there is the network of domestic subsidies. We can certainly provide you with that.

Answer:

Refer to response to Question on Notice 224 from Supplementary Budget Estimates in November 2014.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 226

Division/Agency: Trade and Market Access Division

Topic: List of area where there are technical market access issues

Proof Hansard page: 81

Senator CAMERON asked:

Senator CAMERON: Can you provide a list of the areas where there are technical market access issues where we still have impediments to trade?

Ms Evans: We can do that at a broad level. Obviously there is a large number of commodities. If we can do it in a way that gives you a sense of what we are dealing with that would work.

Answer:

Refer to Question on Notice 224 from Supplementary Budget Estimates in November 2014.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 227

Division/Agency: Trade and Market Access Division

Topic: Wording around undertaking relating to the bilateral agreement with Japan

Proof Hansard page: 82-83

Senator CAMERON asked:

Senator CAMERON: In relation to the Japanese bilateral, the Dairy Industry Council said they were extremely disappointed with the outcome. There were a number of areas where the bilateral did not satisfy people in the agricultural sector. You say that that could change if one of our competitors reaches an agreement. The words you used were that discussions would take place 'with a view' to giving us equal access. I have negotiated a few agreements in my day and I do not think 'with a view' is a very strong set of words.

Senator BACK: It might have been your negotiating ability.

Senator CAMERON: There are always good negotiators around and there is always somebody better than you—and it looks like this is what has happened here. What does 'with a view' mean?

Mr Murnane: That was my paraphrasing. I am just seeing if I have the exact wording here. I do not seem to, but I am happy to provide you with the exact wording. What it essentially means is that there is an undertaking that, should another agricultural exporting country—

Senator CAMERON: New Zealand, for instance?

Mr Murnane: Yes, if New Zealand reaches an agreement with Japan to export a particular agricultural commodity on better terms than Japan agreed to with Australia, there is an undertaking between Australia and Japan that that improved access would then be passed on to us.

Senator CAMERON: That is a completely different thing. I would just like to clarify this. I agree that, if that is the case, that is all right. But if it is 'with a view', that means there have to be some negotiations.

Mr Murnane: That is why I say that there would need to be further discussions between the parties to make sure that that happens and on the timing of it and those sorts of things.

Question: 227 (continued)

Senator CAMERON: So it is just not automatic. If New Zealand gets a better deal on a range of dairy or agricultural areas, we do not automatically pick up. Do we have to sit down with Japan again?

Mr Murnane: There is the undertaking that we would do that, and the wording around that undertaking is that a better outcome is the presumed result of those discussions. But, as I say, I am happy to provide you with the exact wording.

Answer:

The Japan Australia Economic Partnership Agreement (JAEPA) includes a provision that schedules a review of market access outcomes, including for agriculture, should Japan conclude preferential deals with Australia's competitors. JAEPA also includes a general five year review provision to facilitate future liberalisation of market access outcomes for key products. The text of the relevant provisions (Section 3, Other Provisions, Article 2.20) follow:

'1. For the purposes of Article 2.4, treatment of originating goods classified under the tariff lines indicated with "S" in Column 4 of the Schedule in Section 2 of a Party's Schedule to Annex 1 (Schedules in Relation to Article 2.4 (Elimination or Reduction of Customs Duties)), shall be subject to review by the Parties in the fifth year following the date of entry into force of this Agreement or a year on which the Parties otherwise agree, whichever comes first. The review shall proceed with a view to improving market access conditions through, for example, such measures as faster reduction and/or elimination of custom duties, streamlining tendering processes and increasing quota quantities, as well as addressing issues related to levies.

2. The Parties shall also conduct a review if there is a significant change to the competitiveness in the Japanese market of such originating good designated in paragraph 1 as a result of preferential market access being granted by Japan to a non-Party based on an international agreement with that non-Party, with a view to providing equivalent treatment to the originating good of Australia. The Parties shall commence such a review within three months following the date of entry into force of the international agreement with the non-Party and will conduct the review with the aim of concluding it within six months following the same date.'

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 228

Division/Agency: Trade and Market Access Division

Topic: Longer term implications if commodities keep missing out on these bilateral agreements

Proof Hansard page: 84

Senator CAMERON asked:

Senator CAMERON: Have you sought any advice as to the implications for sugar, wheat, cotton, rice, canola and vegetable oils? Have you, Minister, sought any advice from the department as to the longer term implications if these commodities keep missing out on these bilateral agreements?

CHAIR: Minister, could I clarify one thing. With those exports not included in this agreement, we do send 100,000 tonnes of sugar a year to China and \$2 billion worth of cotton. We have not sent any rice. I thought I would give you that information.

Senator CAMERON: Chair, I am asking a question—I don't need this.

CHAIR: I am just helping the minister.

Senator Colbeck: I do not think that is something that is in dispute between Senator Cameron and I. Senator Cameron, I personally have not. I would have to take on notice whether—

Senator CAMERON: Whether the minister has.

Senator Colbeck: Yes, whether Senator Joyce has.

Answer:

Each bilateral Free Trade Agreement (FTA) is a stand-alone agreement. The capacity for tariff concessions on specific commodities under FTAs needs to be assessed within the context of each agreement and the policy settings of our trading partners.

In this regard, China has excluded its most sensitive products from further market access concessions under the China-Australia Free Trade Agreement (ChAFTA): sugar, wheat, cotton, rice, rapeseed and vegetable oils. China considers these sensitive products to be essential to its food security and critical to the livelihoods of poor and rural populations, many of whom belong to ethnic minorities. However under China's MFN import regime,

Question: 228 (continued)

agreed to for its accession to the WTO in 2001, the following TRQs are available to Australia along with other WTO member countries:

| | Tariff Rate Quota | China's imports from world (2013) | Australia's wheat exports to China |
|---------------------|--|--|---|
| Wheat | 1 per cent in TRQ of 9.6 million tonnes | 5.5 million tonnes | 870,000 tonnes |
| Sugar | 15 per cent in TRQ of 1.945 million tonnes | 4.5 million tonnes | 99,000 tonnes |
| Cotton | 1 per cent in TRQ of 894,000 tonnes | 4.1 million tonnes | 767,000 tonnes |
| Rice | 1 per cent in TRQ of 2.660 million tonnes | 2.2 million tonnes | No trade |
| Rapeseed oil | 9 per cent in TRQ of 1.243 million tonnes | 1.5 million tonnes | 20,105 tonnes |

China has not provided preferential access on any of these products in any of its FTAs to date. Since none of our competitors has preferential access, Australia will continue to compete on an even playing field. ChAFTA also has a built-in review process where Australia and China will meet again within three years to discuss expanding the agreement, specifically looking at market access, including for these sensitive products.

The Japan-Australia Economic Partnership Agreement (JAEPA) also includes a provision that schedules a review of market access outcomes, including for agriculture, should Japan conclude preferential deals with Australia's competitors. JAEPA also includes a general five year review provision to facilitate future liberalisation of market access outcomes, including for sensitive commodities.

Australia was successful in gaining outcomes for wheat and sugar in the Korea-Australia Free Trade Agreement (KAFTA), while cotton already faced a zero tariff. Rice was excluded under the agreement.

ABARES has identified longer-term future growth and consumption trends for China and other Asian markets which highlight the future opportunities for Australian agricultural exports in Asian markets, including projected growth in demand for those products that have not received tariff concessions under some FTAs. See '*What Asia Wants: Long-term food consumption trends in Asia*' October 2013 available at <http://www.agriculture.gov.au/abares/publications>

The following table shows the inclusion of many of the commodities excluded from ChAFTA in Australia's other FTAs.

Market access treatment in Australia's Free Trade Agreements for those products excluded in ChAFTA

| Commodity | Japan – Aus EPA | Korea – Aus FTA | Malaysia-Aus FTA | Thailand-Aus FTA | Singapore Aus FTA | ASEAN-Aus-NZ FTA | Aus – Chile FTA | Aus – US FTA |
|------------------|---|---|--|---|--------------------------|--|------------------------------------|--|
| Sugar | Low polarity Excluded (71.80 yen/kg tariff) | Included (3% to zero on EIF) | Already zero | Included (additional quota on EIF commencing at 1,376 tons and expanding annually . Quota free by 2020) | Already zero | Vietnam (In-quota tariffs to zero by 2020 and out-of-quota tariffs to 50% by 2022) Quota volumes are variable and set on an annual basis. Malaysia, Myanmar, Brunei (Zero on EIF) Laos (to reduce to zero) Excluded by Philippines, Indonesia and Thailand. Cambodia - raw sugar excluded | Included (6% to zero over 4 years) | Excluded. However, MFN in-quota and out-of-quota tariffs apply |
| Wheat | Wheat for food Excluded (Import quota restrictions apply – zero tariff in-quota and 55 yen/kg high out-of-quota tariff) | Included (1.8% to zero on EIF) | Already zero | Included (12-20% to zero on EIF) | Already zero | Malaysia, Indonesia, Brunei, Myanmar (Already zero) Thailand (Zero on EIF) Philippines, Vietnam, Laos (To reduce to zero) Excluded by Cambodia. | Included (6% to zero on EIF) | Included (Zero on EIF) |
| Cotton | Included (Already zero) | Included (0-8 % to zero on EIF) | Already zero | Already zero | Already zero | All countries either zero on EIF or will phase to zero. | Included (6% to zero on EIF) | Included (Zero on EIF) (Some specific lines excluded) |
| Rice | Excluded, (Import quota restrictions apply – zero tariff in- | Excluded (5% in-quota for 408,700 tonnes) | Included (40% to reduce to zero by 2026, and liberalisation of | Included (52% tariff to zero on EIF and removal of | Already zero | Brunei, Myanmar (Already zero). Laos, Cambodia (To reduce to zero) | Included (6% to zero on EIF) | Included (Zero on EIF) |

| | quota and 341 yen/kg out-of-quota tariff) | | import arrangements from 2023) | TRQ) | | Excluded by Malaysia, Philippines, Indonesia and Thailand. | | |
|-----------------------|---|--|--------------------------------|--|--------------|---|------------------------------|------------------------------------|
| Canola | Included (Already zero) | Included (10% to zero on EIF) | Already zero | Included (30.5% to zero over 6 years) | Already zero | Brunei, Philippines and Malaysia (Already zero) Thailand (30% to zero over 5 years), Indonesia (5% to zero on EIF), and Cambodia, Laos, Myanmar, Vietnam to reduce to zero | Included (6% to zero on EIF) | Included (Zero on EIF) |
| Vegetable oils | Included (2.5% to zero on EIF) | Included (8% to zero in 7 to 10 years) | Already zero | Included (27.5% to zero over 6 years.) | Already zero | Philippines and Malaysia (Already zero) Thailand (27% to zero over 4 years). Indonesia (5% to zero on EIF) | Included (6% to zero on EIF) | Included (8% to zero over 4 years) |

EIF = Entry into Force

TRQ = WTO Tariff Rate Quota

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Questions: 229

Division/Agency: Trade and Market Access Division

Topic: Previous Free Trade Agreements in the Agricultural Area

Proof Hansard page: 85

Senator CAMERON:

Senator CAMERON: Nobody is arguing about that. There has been a figure of 18 billion bandied around in the context of the benefit of this. What has been the outcome? Do you know what the benefits for previous free trade agreements in the agricultural area were estimated at the time of signing and do you know what we have achieved?

Mr Murnane: I will have to take that on notice.

Answer:

Free Trade Agreements provide a range of potential benefits to Australian agriculture, including new market opportunities, increased price competitiveness, levelling the playing field against competitors who already have preferential trade agreements, and focussing trading partners' attention on Australian suppliers. In broad terms the benefits to the agriculture sector can be assessed by looking at: 1) benefits of tariff reduction; 2) impacts on Australian industry competitiveness in markets; and 3) growth in actual exports over time. However, other factors, including market demand, positioning of competitors, exchange rates and the value of returns in other markets will influence the extent that actual export opportunities will be realised over time.

Analyses of the potential benefits of FTAs have been conducted prior to the initiation of FTA negotiations with trading partners. These have included feasibility studies and formal modelling of the potential benefits conducted on behalf of the Department of Foreign Affairs and Trade by private sector analysts such as the Centre for International Economics (CIE). Those studies have identified the broad economy-wide benefits of FTAs in terms of their potential contribution to GDP, such as the \$18 billion referred to as the potential benefit to China and Australia's GDP from conclusion of an FTA. The Productivity Commission Research Report on Bilateral and Regional Trade Agreements November 2010 detailed the FTA related analytical studies.

Question: 229 (continued)

At a sectoral level, prior to concluding all FTAs, ongoing consultations with agricultural industries are undertaken by Government to determine industry support for any proposed concessions on offer and to gain their assessment of whether the outcomes would be of sufficient commercial benefit to the industry. Decisions to conclude agreements therefore reflect a clear understanding of the potential commercial benefits to the agricultural sector at that time.

1. In terms of the value of tariff removal for agricultural industries arising from FTAs, it is for example, estimated that, based on 2013 export volumes, the value of tariff removal across all agriculture industries subject to tariff elimination under ChAFTA amounts to approximately \$3.3 billion over 12 years in 2013 trade terms. Similar estimates of tariff removal could be calculated for agricultural commodities under other FTAs.

Further, this approach could also indicate the value of tariff reductions for specific industries, for example the value of tariff removal over a 12 year period under ChAFTA is estimated to be in the order of: \$1.14 billion for the meat industry. In addition, a number of industry sectors have also calculated the potential benefits of tariff removal for concluded FTAs. The meat industry estimated that the benefit from two successive tariff cuts within a short timeframe under KAFTA (upon entry into force on 12 December 2014 and a second cut on 1 January 2015) will be in the order of \$20-40 million per annum to the industry. Similar estimates have also been made by other industries on various FTA outcomes.

2. The benefits of FTAs can also be assessed in terms of their impact on the competitive position of Australia's exporters in FTA markets relative to that of our competitors, and the effect of FTAs in levelling the playing field or removing a competitive disadvantage. Where major competitors have preferential trade agreements in place with our key markets where we did not, this would erode the competitiveness and market share of Australian exports over time.

For example, Australian beef exports to Korea have faced a 40 per cent tariff prior to KAFTA which meant an 8 per cent tariff differential with the US tariff rate of 32 per cent. Tariff cuts under KAFTA means the differential will fall to 5.4 per cent from 1 January 2015 (with Australia's tariff rate reduced to 34.7 per cent) thereby placing the Australian beef industry in a more competitive position against US exports to Korea. The absence of an Australian FTA with Korea would have made Australian beef more uncompetitive over time relative to US beef and eroded Australian beef exports to Korea. Other similar examples can also be found for other agricultural exports as well.

3. Growth in demand for Australian agricultural products under a liberalised trading regime arising from an FTA also has the potential to further increase the value of returns to Australian agriculture. For example, since the implementation of the Chile FTA, the meat industry has indicated that Australian beef exports have grown from zero in 2007 to being worth more than \$312 million between 2008 and 2013. Further, there has been a four-fold increase in beef exports to Thailand since the implementation of the Thailand-Australia FTA.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 230

Division/Agency: Trade and Market Access Division

Topic: Analysis promised to the public in terms of the agreements

Proof Hansard page: 85

Senator CAMERON:

Senator CAMERON: Have you done any analysis of what was promised to the public in terms of the agreements, these managed messages which come out? Have you had a look at what was promised in terms of what the benefits would be to the agricultural sector and what has actually been the result? Some of them have been in for a few years now. We should be able to identify the benefits, surely?

Mr Murnane: As I say, I will have to take that on notice because I do not have that information off the top of my head.

Answer:

Refer to response to Question on Notice 229 from Supplementary Budget Estimates in November 2014.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 231

Division/Agency: Trade and Market Access Division

Topic: Cost of trip to Beijing

Proof Hansard page: 100

Senator STERLE asked:

Senator STERLE: Could you tell us the cost of the trip, Ms Evans.

Ms Evans: I think I might have to take that on notice.

Answer:

The costs for accompanying departmental officers' travel and accommodation were \$38 257. In addition, the department incurred costs for official hospitality, interpretation, ground transport, of \$28 842 which covered the whole delegation, including the accompanying industry delegation.

All questions about official travel by the Minister and accompanying staff employed under the Members of Parliament (Staff) Act 1984, should be directed to the Department of Finance.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 232

Division/Agency: Trade and Market Access Division

Topic: Conversations in Beijing and if commodities were discussed

Proof Hansard page: 100

Senator STERLE asked:

Senator STERLE: Are you able to tell us the contents of the conversations? You can take that on notice.

Dr Grimes: I will take that on notice. They were ministerial-level discussions.

Senator STERLE: Are you able to tell us which commodities were discussed?

Dr Grimes: I will take those matters on notice.

Answer:

During his visit to China Minister Joyce had meetings in Beijing with his Ministerial counterparts from the Ministry of Agriculture of the People's Republic of China, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of the People's Republic of China and the State Administration of Grains of the Peoples Republic of China

In his meeting with the Minister of Agriculture, Minister Han Changfu, Minister Joyce raised the need for strong outcomes for Australian agriculture in the China Australia Free Trade Agreement negotiations.

In his meeting with the Minister for AQSIQ, Minister Zhi Shuping, Minister Joyce and Minister Zhi discussed progress on Australia's market access requests for lucerne and wheaten hay, live slaughter and feeder cattle, nectarines, and kangaroo meat, plus renewing the wheat and barley protocol and improved meat and dairy access.

Rural and Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Supplementary Budget Estimates November 2014

Agriculture

Question: 233

Division/Agency: Trade and Market Access Division

Topic: G20 Expenses

Proof Hansard page: Written

Senator LUDWIG asked:

Please provide an itemised table of all expenses incurred by the department since September 7, 2013 associated with official G20 and related working group, taskforce, roundtable, Sherpa meetings, workshop and study groups events, including but not limited to hospitality, accommodation, transport, recreation, merchandise, meals/drinks, catering, security.

For each item, please provide:

1. The name of the event/meeting that the expense related to.
2. The location of the event.
3. The date of the event.
4. The name and ABN of the service provider.
5. Advise whether the contract was awarded through an open tender process.
6. The total value of the contract/invoice.
7. The date the contract was executed by the Department.
8. The number of attendees at the event, if applicable.
9. Advise whether an Australian Government Minister was in attendance. Please detail.
10. Advise whether foreign delegates were in attendance. Please detail.
11. Advise whether the contract/expenditure was approved by the Prime Minister's Office, and if so the date that the approval was sought and granted.

Answer:

Please see attached table.

G20 Expense Summary

| 1 | 2 | 3a | 3b | 4a | 4b | 5 | 6a | 6b | 7 | 8 | 9a | 9b | 10a | 10b | 11a | 11b | 11c | | |
|--|----------------|-----------------|--|---|-------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|--|--|---------------------------------|--------------------------------------|-----------------------------|---------------------------------|----------------------------|-----------------------------|--|--|
| Event name | Event Location | Event Date | Service paid for | Service Provider Name | ABN where available | Was it an open tender process? | Value of contract excl. GST | Value incl GST | Date department executed contract | Number of attendees | Was an Australian government minister in attendance? | Detail of minister's attendance | Were foreign delegates in attendance | Detail of foreign delegates | Was expenditure approved by PMO | If so date approval sought | If so date approval granted | | |
| Attendance at G20 Development Working Group meeting (convened by DFAT) | Sydney | 16-17 Dec 2013 | Departmental staff travel expenses | As per departmental service providers | Refer to Column 4a | Refer to Column 4a | \$660.33 | \$726.36 | Refer to Column 3a | N/A | No | N/A | Yes | N/A | No | N/A | N/A | | |
| Agricultural Market Information System 3rd Rapid Response Forum and G20-OECD workshop on agricultural productivity framework | Canberra | 6 March 2014 | audio visual services and microphones | Staging Connections | 46006668702 | Managed under procurement rules of government | \$3,760.60 | \$4,136.66 | Refer to column 3a | Approximately 70 including foreign delegates | No | N/A | Yes | Approximately 44 | No | N/A | N/A | | |
| | | | business catering & venue hire | Rydges | 48050035268 | Managed under procurement rules of government | \$7,909.09 | \$8,700.00 | Refer to column 3a | | | | | | | | | | |
| | | | Passes to Outlook 2014 for AMIS RRF foreign delegates | ABARES | | Managed under procurement rules of government | \$14,854.55 | \$16,340.00 | Refer to column 3a | | | | | | | | | | |
| | | | G20 pens, notepads and banner | PM&C | | Managed under procurement rules of government | \$363.64 | \$400.00 | Refer to column 3a | | | | | | | | | | |
| | | | evening reception venue hire, official hospitality and security guard | Hellenic Premium Catering | 44008485523 | Managed under procurement rules of government | \$4,081.82 | \$4,490.00 | Refer to column 3a | | | | | | | | | | |
| | | | bus to transport delegates to evening reception | Capital Coaches Pty Ltd | 96104014299 | Managed under procurement rules of government | \$449.09 | \$494.00 | Refer to column 3a | | | | | | | | | | |
| | | | Travel expenses for Rome-based Ag Counsellor to attend meeting | Paid by post | As per post service providers | Managed under procurement rules of government | Information not readily available | Information not readily available | Refer to Column 3a | | | | | | | | | | |
| Attendance at G20 Development Working Group meeting (convened by DFAT) | Hobart | 8-9 May 2014 | Departmental staff travel expenses | As per departmental service providers | Refer to Column 4a | Managed under procurement rules of government | \$1,266.27 | \$1,392.90 | Refer to Column 3a | N/A | No | N/A | Yes | N/A | No | N/A | N/A | | |
| Meeting of G20 Agricultural Chief Scientists and attendance at associated Food4Growth Forum | Brisbane | 19-20 June 2014 | Conference package including venue hire, audiovisual and business catering | Royal on the Park | 50076 067 975 | Managed under procurement rules of government | \$19,855.91 | \$21,841.50 | Refer to Column 3a | Approximately 60 including foreign delegates | No | N/A | Yes | Approximately 48 | No | N/A | N/A | | |
| | | | Professional conference organising | Paid for by ACIAR via Agriculture Department to Crawford Fund | N/A | N/A | Nil cost to department | Nil cost to department | N/A | | | | | | | | | | |
| | | | Welcome to Country Ceremony | Turrbal Association Inc (Traditional Owners of Brisbane) | 41990155684 | Managed under procurement rules of government | \$500.00 | \$550.00 | Refer to Column 3a | | | | | | | | | | |
| | | | G20 promotional material (pens and notepads) | DFAT | | Managed under procurement rules of government | \$784.96 | \$863.46 | Refer to Column 3a | | | | | | | | | | |
| | | | photography - general | Warrington Photography | 27891840603 | Managed under procurement rules of government | \$522.73 | \$575.00 | Refer to Column 3a | | | | | | | | | | |
| | | | photography - official group photo | Warrington Photography | 27891840603 | Managed under procurement rules of government | \$142.73 | \$157.00 | Refer to Column 3a | | | | | | | | | | |
| | | | bus hire for field trip | Murrays Coaches Buses Limousines | 65008468666 | Managed under procurement rules of government | \$1,954.55 | \$2,150.00 | Refer to Column 3a | | | | | | | | | | |
| | | | travel expenses for department officials participating and organising | As per departmental service providers | | Managed under procurement rules of government | \$8,933.30 | \$9,826.63 | Refer to Column 3a | | | | | | | | | | |
| | | | travel expenses for RIRDC officers attending paid by department | As per departmental service providers | Refer to Column 4a | Managed under procurement rules of government | \$1,623.73 | \$1,786.10 | Refer to Column 3a | | | | | | | | | | |
| Report on opportunities for collaboration and information sharing | RIRDC | 25 203 754 319 | Managed under procurement rules of government | \$65,000.00 | \$71,500.00 | Refer to Column 3a | | | | | | | | | | | | | |
| Welcome reception associated with Meeting of G20 Agricultural Chief Scientists | Brisbane | 18-Jun-14 | Evening reception hospitality & venue hire | Paid for by RIRDC and Industry | N/A | N/A | Nil cost to department | Nil cost to department | N/A | Please refer to RIRDC | Yes | Minister Joyce | Yes | Please refer to RIRDC | No | N/A | N/A | | |
| B20 Summit (G20 official engagement event) | Sydney | 16-18 July 2014 | Departmental staff travel expenses | As per departmental service providers | Refer to Column 4a | Managed under procurement rules of government | \$992.57 | \$1,091.83 | Refer to Column 3a | N/A | No | N/A | Yes | N/A | N/A | N/A | N/A | | |
| G20 Development Working Group meeting (convened by DFAT) | Perth | 3-5 Sept 2014 | Departmental staff travel expenses | As per departmental service providers | Refer to Column 4a | Managed under procurement rules of government | \$1,986.39 | \$2,185.03 | Refer to Column 3a | N/A | No | N/A | Yes | N/A | No | N/A | N/A | | |
| Grand total | | | | | | | \$135,642.25 | \$149,206.47 | | | | | | | | | | | |