

**Rural and Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Additional Estimates February 2014

**Agriculture**

**Question:** 184

**Division/Agency:** Trade and Market Access Division

**Topic:** Indonesia horticulture import regulations

**Proof Hansard page:** Written

**Senator STERLE asked:**

Can you update the committee on Indonesia's horticulture import regulations and what products this may impact on.

**Answer:**

Indonesia's horticulture import regulations, revised in September 2013, apply to over 30 different fresh and processed horticulture products, including Australia's main exports; potatoes, table grapes, citrus and apples.

The main changes in the regulations will impact chilli, cayenne pepper and red onion exports (minimal for Australia) for which Indonesia has established a reference price system, similar to that for live cattle and beef. The granting of import permits will be delayed when the market price is below the reference price for these commodities (Rp26 300/kg for chilli, Rp25 700/kg for red onions and Rp28 000/kg for cayenne pepper) and permitted when the market price is above the reference price.

Other changes include the requirement for Indonesian importers to achieve 80 per cent of the import volumes they are issued, otherwise sanctions, such as import licence suspension are applied.

The period for lodging import permit applications has also been reduced. Applications can only be submitted in December for semester 1 (January to June) and in June for Semester 2 (July to December). Although the application period has been shortened, improvements in import permit administration made in April 2013 have ensured there have been fewer delays in issuing import permits compared to this time last year.

**Agriculture**

**Question:** 185

**Division/Agency:** Trade and Market Access Division

**Topic:** Korea-Australia Free Trade Agreement

**Proof Hansard page:** Written

**Senator STERLE asked:**

1. Was the department consulted in the formulation of the FTA, particularly:
  - a. the tariff reductions for a raft of Australian food exports, including apples, pears and honey, frozen pork, condensed milk?
2. thresholds on the value above which Korean purchases will attract scrutiny from the Foreign Investment Review Board being cut from \$53 million to \$15m for farm land, and from \$248m to \$53m for agribusiness
3. If so, what advice was provided on these matters?
4. What feedback has the department been receiving on these matters from industry stakeholders?

**Answer:**

1. The Department of Agriculture works closely with the Department of Foreign Affairs and Trade, the lead agency on free trade agreements, on all aspects of the negotiations relevant to Australia's agriculture, fisheries and forestry sectors.
2. Under the Korea Australia Free Trade Agreement, the Foreign Investment Review Board screening threshold for Korean investments in non-sensitive sectors will rise from \$248 million to \$1078 million on entry into force, consistent with the threshold provided to the US and New Zealand. However, Australia retains the ability to screen proposed investments in agricultural land at \$15 million and agribusiness at \$53 million. These thresholds were policy commitments of the incoming government.
3. The Department of Agriculture has received a range of feedback from industry stakeholders on the outcomes on the Korea-Australia Free Trade Agreement (KAFTA) via letters, media releases, telephone calls and during discussions. This feedback has been generally very positive.

**Question: 185 (continued)**

Agricultural industry associations, including the National Farmers' Federation, AUSVEG, Cattle Council of Australia, Winemakers Federation of Australia, Canegrowers, GrainGrowers, and the Australian Food and Grocery Council, have welcomed the conclusion of KAFTA and the improved market access outcomes.

However several industries have expressed disappointment that some specific products were excluded from the commitments in KAFTA, including the rice, walnut, honey and onion industries.

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**Question : 186**

**Division/Agency:** Trade and Market Access Division

**Topic:** FTA negotiations with China

**Proof Hansard page:** Written

**Senator STERLE asked:**

Update the Committee on FTA negotiations with China and whether the 12 month deadline for achieving the agreement will be possible?

**Answer:**

Free Trade Agreements negotiations with China commenced in May 2005 and 19 rounds of negotiations have been held to date. Negotiations are continuing and questions relating to timing should be addressed to the Department of Foreign Affairs and Trade.

**Agriculture**

**Question:** 187

**Division/Agency:** Trade and Market Access Division

**Topic:** Skills looked for when employing someone

**Proof Hansard page:** 54-55

**Senator RUSTON asked:**

**Senator RUSTON:** In the department how do you choose the people that you are going to have sitting at the table who obviously are there on behalf of Australia's agricultural sector, as that is what your purpose is? How do you decide who those people are? How do you decide what skills they need to have, given that we all know that negotiating skills are a very specific and honed set of skills? Do you have specialists that you employ for that process?

**Mr Murnane:** In the Trade and Market Access Division we have people who are working on agricultural issues around specific countries. We organise ourselves around those geographic teams with some people dealing particularly with North-Asian countries and some people dealing particularly with South-East Asian countries so that we understand what those countries are likely to be bringing to the table.

**Senator RUSTON:** That was not quite my question. My question was: what are the skills that you look for when you employ someone like that? I understand what they do once they are there. If you were about to employ somebody to go on the Department of Agriculture Chinese protocol negotiating team on behalf of the table grape industry, how do you decide what skills that person has to go and negotiate?

**Mr Glyde:** It varies a lot between each individual negotiation. If we are having a major discussion about access arrangements at a technical level, we will take a delegation that will have technical expertise, people who understand phytosanitary conditions and things like that, and people who understand the industry from within our organisation with their skills sets that they have built up by working with those industries over many years. Similarly, we have to have people who understand the bilateral relationships, what it is that the other country might want and what sort of things that might drive them. When it is a major negotiation we might take a delegation of the right skill set sometimes accompanied by industry experts as well to help bolster the Australian side. In other cases it might be where we need someone who is very senior in order to be able to open a door to a more senior person to resolve a log jamb. Choosing depends on the nature of the incident or the issue that we are negotiating. There is a range of skill sets that we have to bring to bear right from the high level policy awareness of what we are trying to achieve in the Doha round through to understanding the microbial weights that are on different carcasses in our plants.

**ACTING CHAIR:** Tell us more about them?

**Mr Glyde:** Mr Read can inform you in great detail.

**ACTING CHAIR:** We will take it on notice.

**Question:** 187 (continued)

**Answer:**

Please refer to Hansard page 55 from Additional Estimates hearings held in February 2014:

**Mr Glyde:** We try to make sure that we match the skills that we have got with the situation.

**Senator RUSTON:** The only thing that worries me about your response is that at no time did you say that hard-core negotiating skills were a key skill that you were looking for. You have covered off on everything else that it would be reasonable to cover off on, but perhaps that is not something that is seen as important.

**Mr Glyde:** I was not trying to avoid going through each of the individual skills sets, but I would say that the people that have been doing this have very well developed negotiation skills, communication skills, diplomatic skills and so on. I think you could take that for granted.

**Senator RUSTON:** That is more reassuring.

**Senator WHISH-WILSON:** I would like to ask a follow-up question from Senator Rushton. Do any of them have previous industry experience in working for organisations?

**ACTING CHAIR:** You should be careful going down that path or we would never have a minister in this joint.

**Mr Glyde:** Yes, and we find that quite valuable. We have people not just in the international negotiation space but it helps us to have people who actually understand the industry that they are working with, so people move in and out of the organisation. We certainly are always on the look-out for people with that sort of skill set, in the same way that we are always on the look-out for people who can bring a different perspective sometimes to the organisation. There are certainly people who have industry experience who will end up negotiating for us as civil servants.

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**Agriculture**

**Question: 188**

**Division/Agency:** Trade and Market Access Division

**Topic:** Indonesia products

**Proof Hansard page:** 52

**Senator Farrell asked:**

**Senator FARRELL:** What will be the first products that will be hit by the new regulations?

**Mr Murnane:** I expect they will be onions, chillies and garlic.

**Senator FARRELL:** How much of that do we export to Indonesia?

**Mr Murnane:** I do not think I have got those data with me. I can provide that to you later.

**Answer:**

Indonesia's new horticulture regulations established a reference price system for red onion, chilli and cayenne pepper, of which Australia exports minimal amounts.

The value of exports for 2012-2013:

- Under the HS code that would cover chillies (07096000 – Fruits of the genus Capsicum or of the genus Pimenta, fresh or chilled) was \$1697;
- Under the HS code that would cover cayenne pepper (09042200 - Crushed or ground fruits of the genus capsicum or of the genus pimento) was \$ 2540;
- Under the HS code that would cover red onions (07031019 - Onions (excl. brown), fresh or chilled) were \$0. In 2011-12, the value of exports under this code was \$14 691.