



# CHERRY GROWERS OF AUSTRALIA INC

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12<sup>th</sup> March 2010

Review of Bilateral and Regional Trade Agreements  
Productivity Commission.  
GPO Box 1428,  
CANBERRA CITY. ACT. 2601.

Dear Sir/Madam,

RE: Bilateral and Regional Trade Agreements.

Horticulture is a major Australian agricultural industry which has a GVP of approximately \$7.8 billion and covers produce including fruit (but excluding wine grapes), nuts, vegetables and nursery with Horticultural exports at \$1.168 million in 2009. The Australian Cherry Industry is one of the sectors within the Horticulture industry and has a GVP of approximate \$90 million. Market access through bilateral and regional trade agreements, is a key area of interest to the Cherry industry and is expected to be a major contributor to the industry's future.

While Horticulture covers a wide range of commodities, each with specific interests in bilateral and regional trade agreements the Cherry industry has in the past identified priority markets for reference in priority tariff line lists. Cherries is one of the eleven (11) Horticulture commodities that currently lists top priorities for tariff liberalisation into seven (7) markets, namely India, China, Korea, Indonesia, the EU, Japan and Taiwan. Australia is yet to finalise a bilateral trade agreement with any of these markets. However Indonesia is covered under the recent regional agreement known as the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

Cherry Growers of Australia Inc, the Peak Industry Body for the Australian Cherry Industry, has reviewed the Issues Paper relating to Bilateral Trade Agreements and we would offer the following comments:-

- 1) Cherry Growers of Australia Inc supports the more detailed submission prepared by the Office of Horticultural Market Access and submitted by Horticulture Australia Limited. Our submission is both supplementary and complementary to the HAL submission.
- 2) The Australian Cherry Industry supports the concept of global trading provided that it is undertaken under the principle of a 'level playing field'. Unfortunately most times this does not appear to be the case.

- 3) The Australian Cherry Industry generally supports the concept of Bilateral and Regional Trade agreements again provided they offer consistent outcomes for all involved with the appropriate agreements. Unfortunately this is again not always the case.
- 4) With respect to any agreements, a principal focus for the Australian Cherry Industry is on the maximum removal of tariffs and other border measures affecting and disadvantaging Australian cherry exports. The outcomes from any negotiations with respect to certain tariff and border barriers need to maximise horticulture's trade and competitive position
- 5) Cherry Growers of Australia Inc is aware of the growing number of trade agreements negotiated in recent years, and believes that further agreements and improvements to existing agreements need to be vigorously pursued, provided negotiated outcomes bring maximum benefit to Australian cherry exports.  
Also it is important that Australia does not fall behind our competitors in negotiation of such trade agreements otherwise our industry is faced with competitive disadvantage by reason of lengthy negotiations or differentiated tariffs and other border protection into key markets.
- 6) Cherry Growers of Australia believes that the horticulture industry has not been adequately consulted during the bilateral and regional trade agreement negotiations in the past. When we have been consulted our input has been largely disregarded. This was particularly the case with the recent trade agreement with Chile. There was absolutely no advantage to the Australian Cherry Industry or the broader Australian Horticultural Industry within the agreement. In fact it is most likely that the industry, in the future, will be at a distinct disadvantage.  
Industry feels that it has been a 'pawn' in the process and has been used as a 'trade-off' for other commodities/industries linked with the agreement. If there is no advantage for a particular Australian commodity and/or industry then they should not be included within the Agreement.  
Industry accepts that trade negotiations are complex and likely to require an in-depth understanding by the negotiators of a large number of industry situations and influencing factors. It is essential that negotiators formalise and maximise interchange and dialogue with industry throughout the entire process, so that knowledgeable and effective positions can be developed and negotiated on behalf of industry and trading partner 'sensitivities' can be more effectively dealt with.
- 7) Cherry Growers of Australia Inc believe that a more formal, industry specific approach to industry dialogue in context of bilateral and regional trade agreements is essential. The Department usually goes to much effort to dialogue with stakeholders as groups which should continue. Extra effort however is needed in specific industry dialogue covering, in the case of horticulture, both DFAT and DAFF. This should happen prior, post and if possible in some instances also during negotiations.
- 8) Where there is a 'second opportunity', it is imperative that greater liberalisation be achieved the second time around. For example it appears hard to understand why under AANZFTA Thailand required and Australia agreed to a less liberal FTA with Australia than was previously negotiated under TAFTA, particularly bearing in mind that both options for border access are on the books and the TAFTA outcomes will be chosen in preference.  
An example is shown by the following information extracted from the two relevant trade agreements:-

**Thailand-Australia FTA (TAFTA) - entry into force 2005**

Cherries	42% tariff (ave) phased to 0% by 2010
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## Australia-ASEAN-New Zealand FTA (AANZFTA) - entry into force 2010

Cherries	40% tariff phased to 0% by 2013
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Industry would hope that the original TAFTA agreement overrides the later AANZFTA agreement.

- 9) Cherry Growers of Australia Inc is concerned at some obvious differences where Australia's competitors negotiate a more liberal trade agreement with a market and Australia as a supplier to that market has no trade agreement in place or an agreement with less liberal terms, Australia is placed at a competitive disadvantage, potentially for a significant period of time. Under the Thailand-New Zealand Agreement which came into force in July 2005 after the conclusion of TAFTA, Thailand granted superior tariff outcomes to New Zealand on Thailand cherries than those granted earlier by Thailand to Australia under TAFTA. These competitive disadvantages for Australia have continued until the TAFTA tariff rates phase to zero. The growers find it difficult to comprehend why Australia would negotiate such a position and why effort has not been made to re-negotiate such tariff outcomes. Cherry Growers of Australia Inc believes that tariffs should be at least equal to those granted by the negotiating country under its other FTAs, particularly where Australian produce is or may be less dominant in the market than produce of other suppliers.
- 10) Market access and market maintenance are the two highest priorities for the Australian Cherry Industry. The ability to export adds greatly to the industry's economic performance and welfare and improved returns. The impact on the domestic market is also favourable as product will not need to find its way onto local markets putting pressures on price and returns. In this sense access to export markets either through liberalised tariff and other border measures, or through new and improved phytosanitary access, is important and essential.
- 11) Cherry Growers of Australia Inc agrees that the alternative to no or inferior bilateral and regional agreements will be significant trade discrimination in certain cases against Australian horticultural exports. The consequences of such discrimination are significant and costly in many cases.  
As a major competitor with global cherry exports more than ten times those of Australia, Chile is also well ahead of Australia in negotiating bilateral and regional agreements. While both Australia and Chile have an FTA with the USA, Chile also has FTAs in place with China, India, Japan, the EC and Korea.

Cherry Growers of Australia Inc is willing to expand on any of the points above either in a supplementary submission or at a hearing of the Productivity Commission.

Due consideration of our submission would be appreciated.

Yours faithfully,

Trevor Ranford B.Sc., Dip MP (AIMSA), CPMgr.  
Chief Executive Officer  
Cherry Growers of Australia Inc