



Australian Government

**Department of Agriculture
and Water Resources**

ABARES

Regional Trade Agreements: international perspectives and examples

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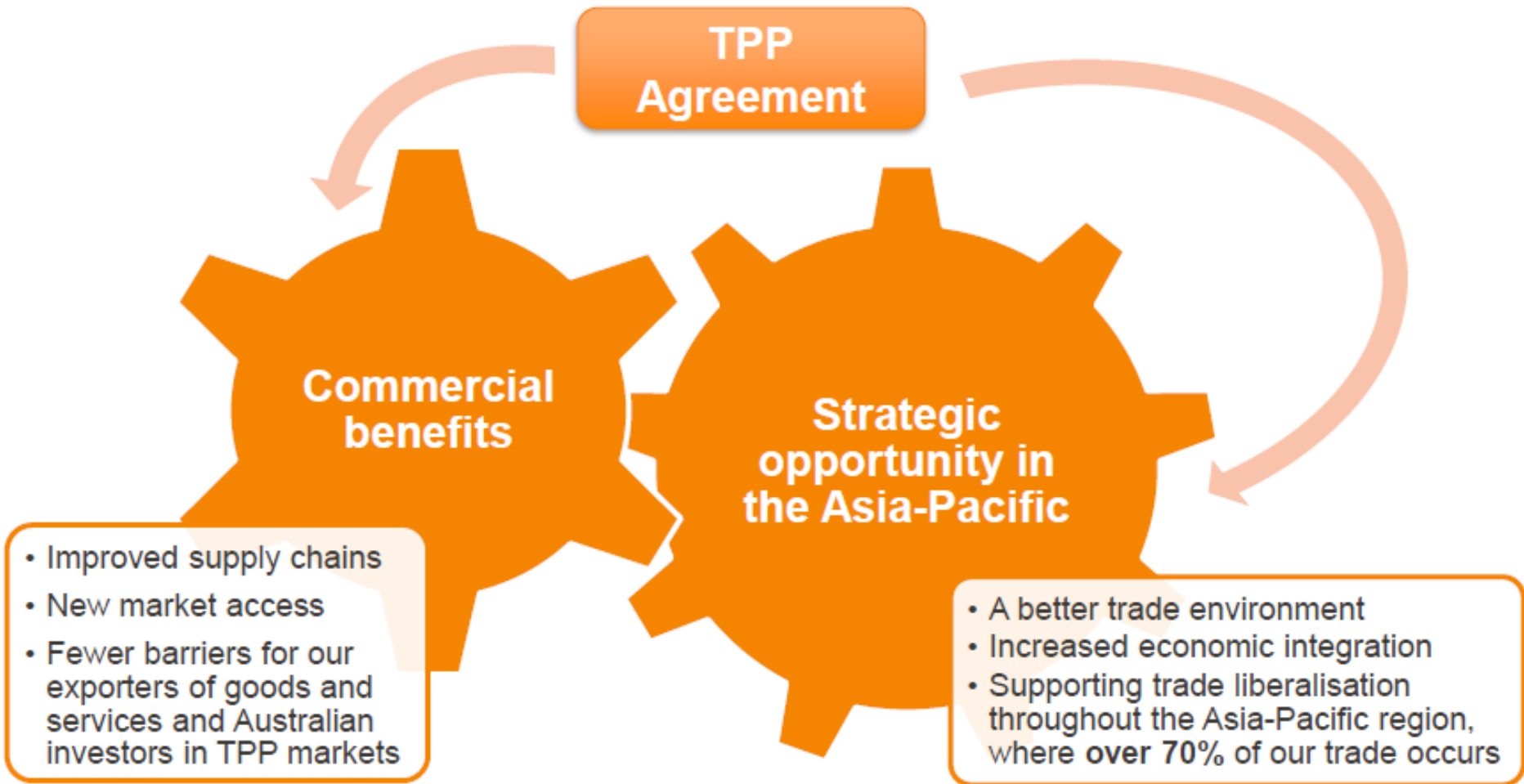
**Assistant Secretary/Agricultural Commodities and
Trade**



Outline

- Trans-Pacific Partnership (TPP) and Regional Cooperative Economic Partnership (RCEP) as examples
- Focus on grain and oilseeds trade
- Opportunities and challenges

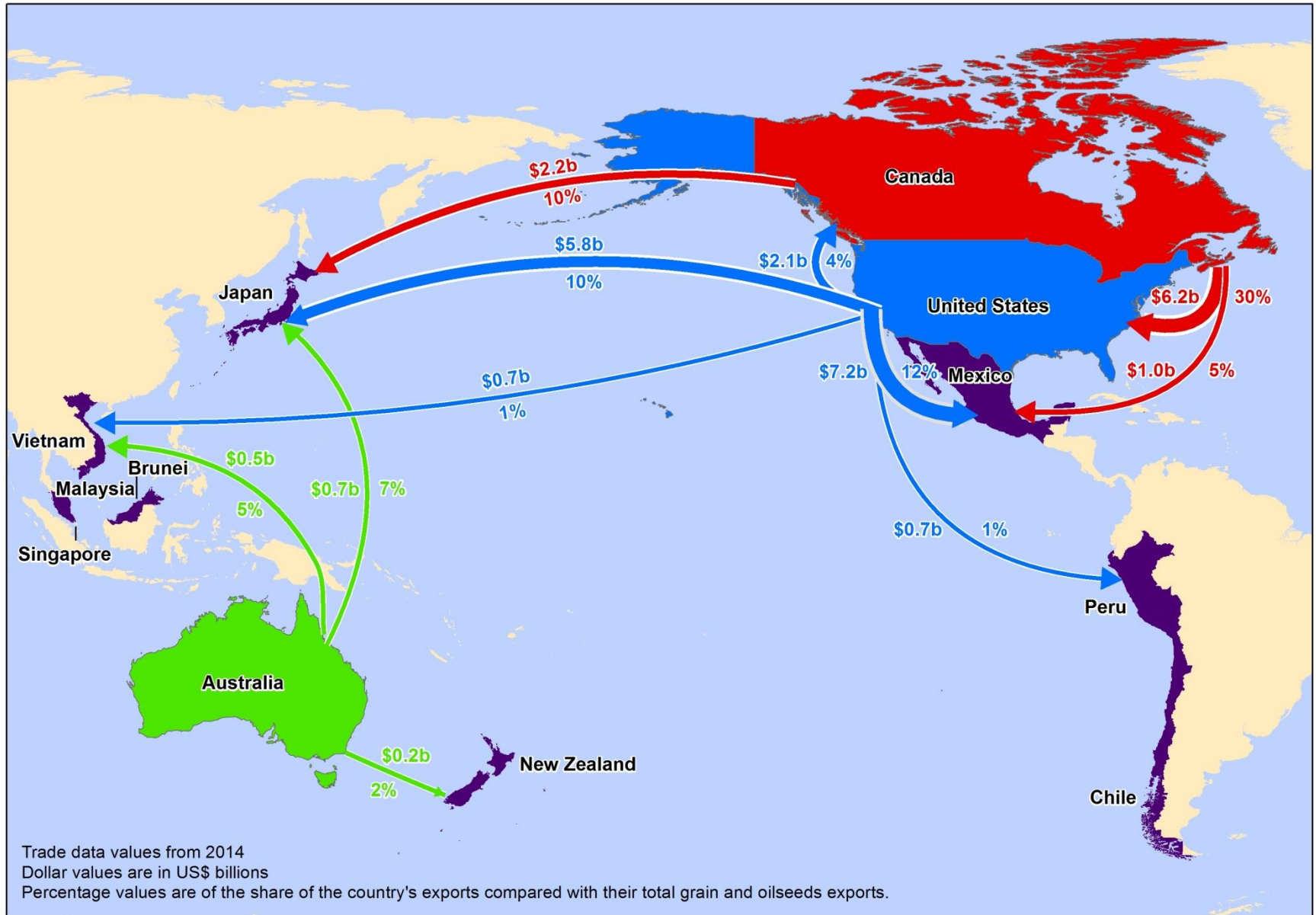
Benefits to Australia of the TPP



Key features of TPP

- **Eliminate or reduce tariff and non-tariff barriers to trade**
- **Regional approach to commitments**
- **Addressing new trade challenges**
- **A platform for regional economic integration and designed to include additional economies across the Asia-Pacific region**

Trans-Pacific Partnership (TPP) grain and oilseeds trade



TPP grain and oilseeds trade

Exporters	2014 trade volume to TPP	TPP share of total exports	Destinations		
			Japan	Mexico	Vietnam
USA	47.2 mt	32%	14%	13%	1%
Canada	18.0 mt	40%	11%	5%	0%
Australia	5.2 mt	18%	6%	0%	5%

Importers	2014 trade volume from TPP	TPP share of total imports	TPP Sources		
			USA	Canada	Australia
Japan	25.9 mt	80%	57%	15%	6%
Mexico	22.7 mt	93%	82%	11%	0%
Vietnam ^a	3.0 mt	32%	11%	2%	15%

Applied tariffs on cereals and oilseeds in TPP importers

Country	Share of TPP imports 2013	Applied tariffs, simple average		
		Cereals and preparations	Oilseeds and products	All agriculture
Japan	32%	38%	8%	14%
Mexico	20%	13%	11%	18%
USA	15%	3%	7%	5%
Malaysia	9%	6%	2%	9%
Vietnam	9%	17%	8%	16%
Peru	6%	3%	2%	4%
Chile	3%	6%	6%	6%

Tariff reductions: cereals and grains for Australia under TPP

- Wheat and barley to Japan: markup reduced by 45% over 8 years and new quota volumes
- Rice: new Australia-only quota access to Japan of 6 000t, growing to 8 400t over 12 years
- Elimination of all Canadian tariffs on grains upon entry into force and Mexican and

Tariffs and quotas in Japan

Commodity	Quota level	Maximum in-quota markup ^a	Over quota tariff rate
Wheat	5.7 mt	US\$142/t	US\$458/t
Barley	1.369 mt	US\$67/t	US\$325/t
Rice	0.682 mt	US\$2433/t	US\$2842/t

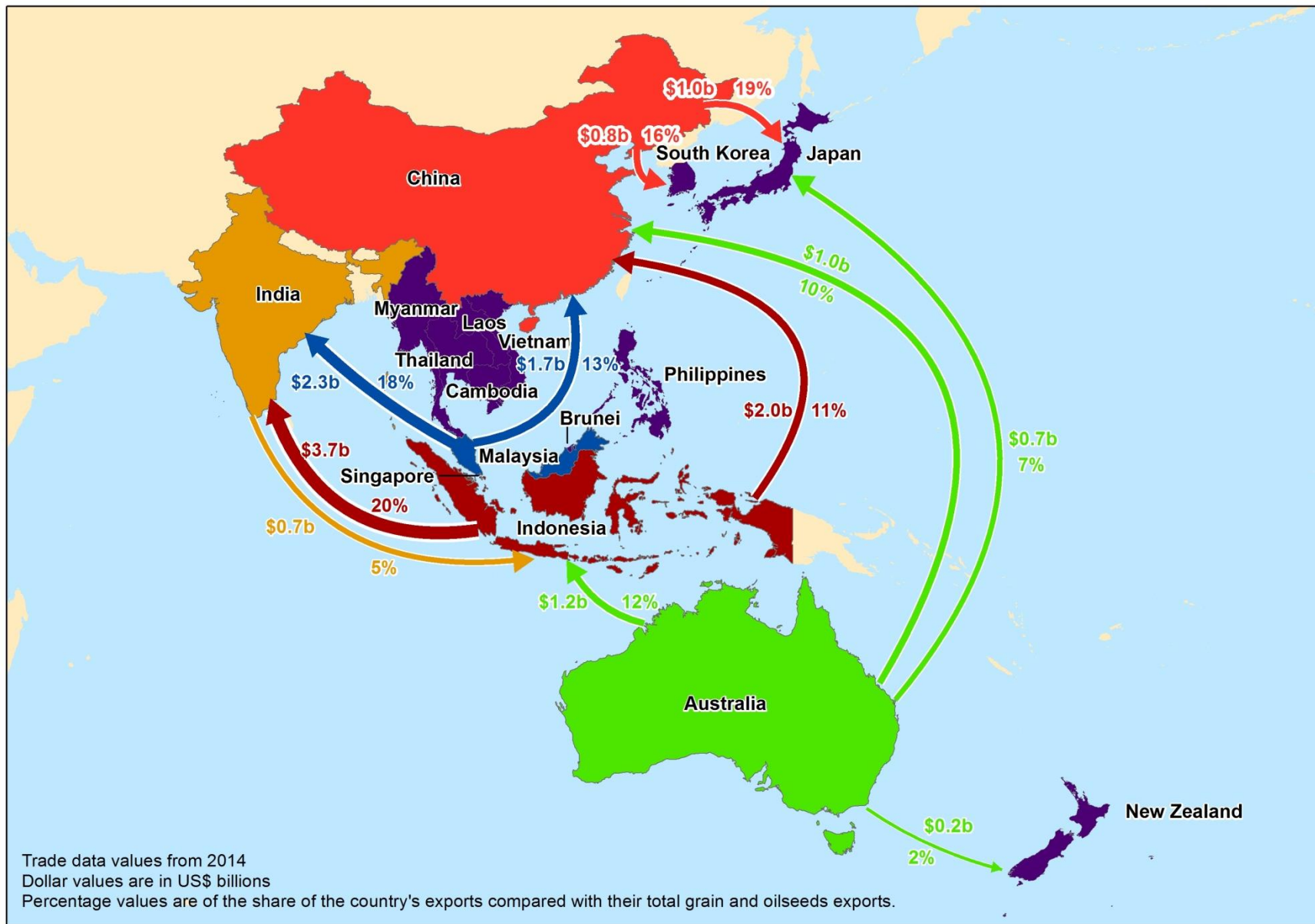
Commodity	Applied tariff rate	Commodity	Applied tariff rate
Corn	0%	Soybeans	0%
Sorghum	3%	Canola	0%

^a Calculated using 120 yen per US dollar

Source: Japan customs, USDA PSD

Regional Cooperative Economic Partnership (RCEP)

(DCED)



Existing FTAs in RCEP

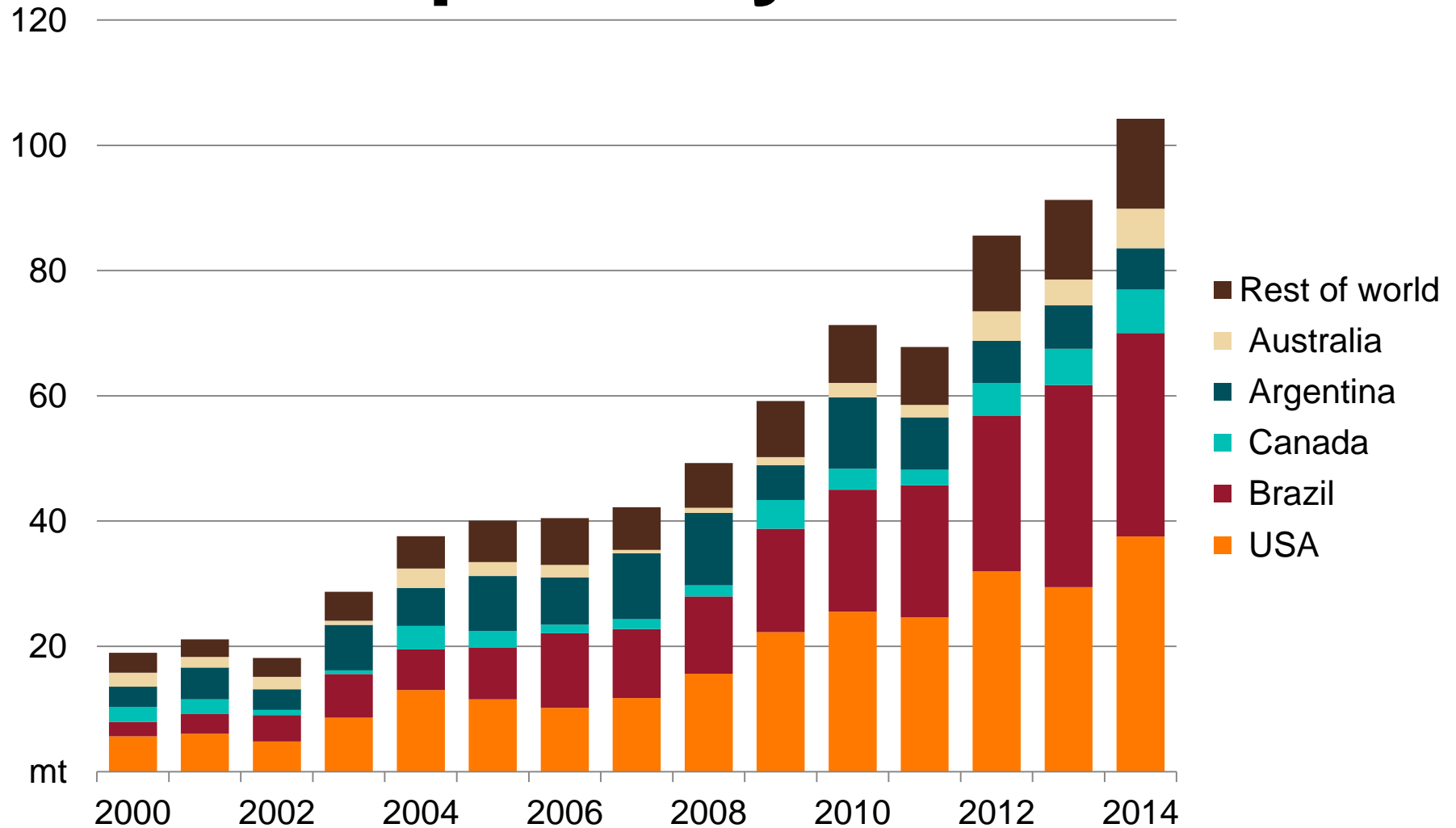
In force

- ❑ Australia-New Zealand Closer Economic Relations (ANZCERTA, 1983)
- ❑ ASEAN-Australia-New Zealand FTA (AANZFTA, 2010)
- ❑ Japan-Australia Economic Partnership Agreement (JAEPA, 2015)
- ❑ Korea-Australia FTA (KAFTA, 2014)
- ❑ China-New Zealand FTA (China-NZ FTA, 2008)
- ❑ China-Australia FTA (ChAFTA, yet to be ratified)

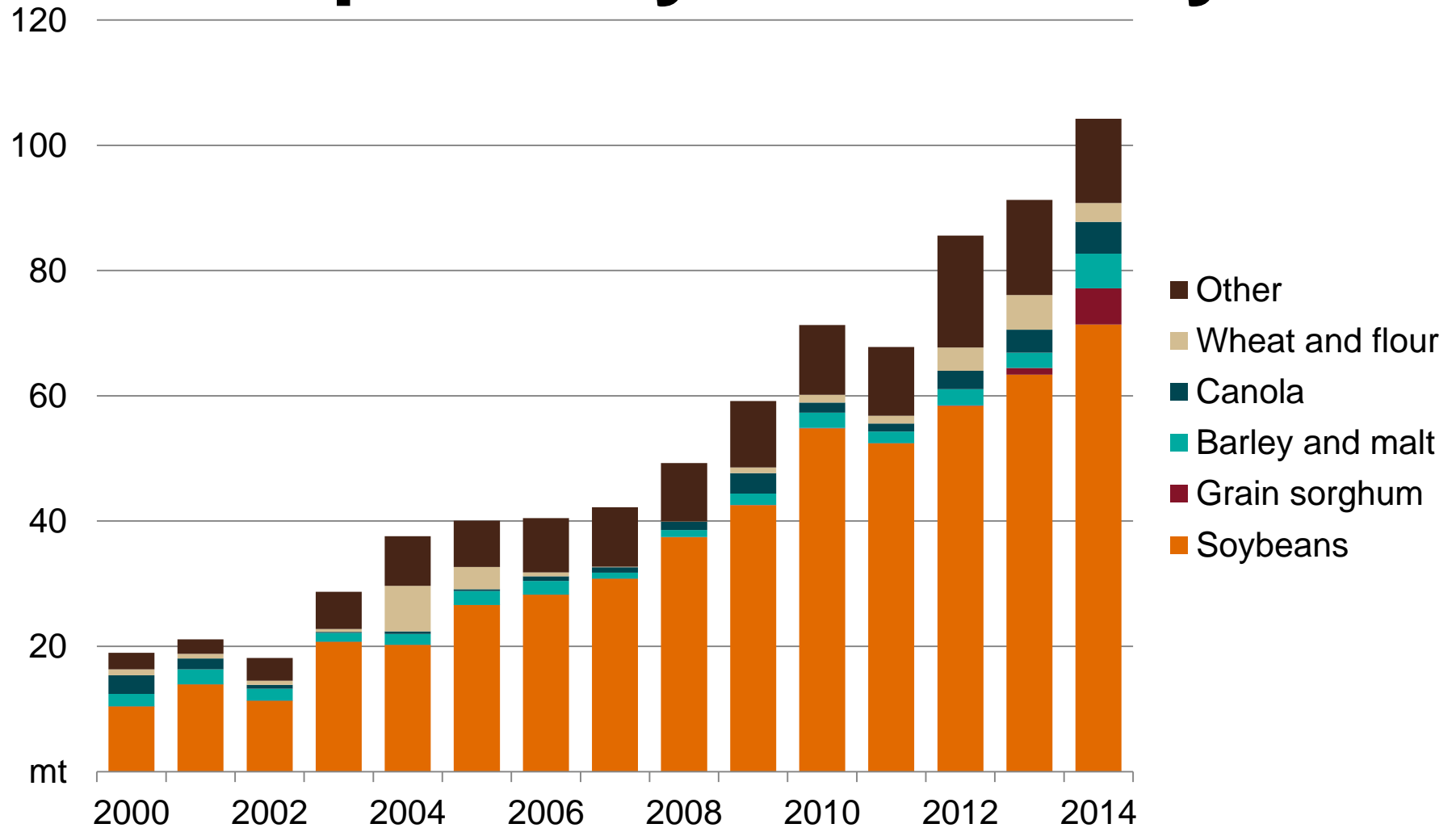
In negotiation

- ❑ Australia-India FTA
- ❑ India-China FTA
- ❑ Korea, China & Japan trilateral FTA

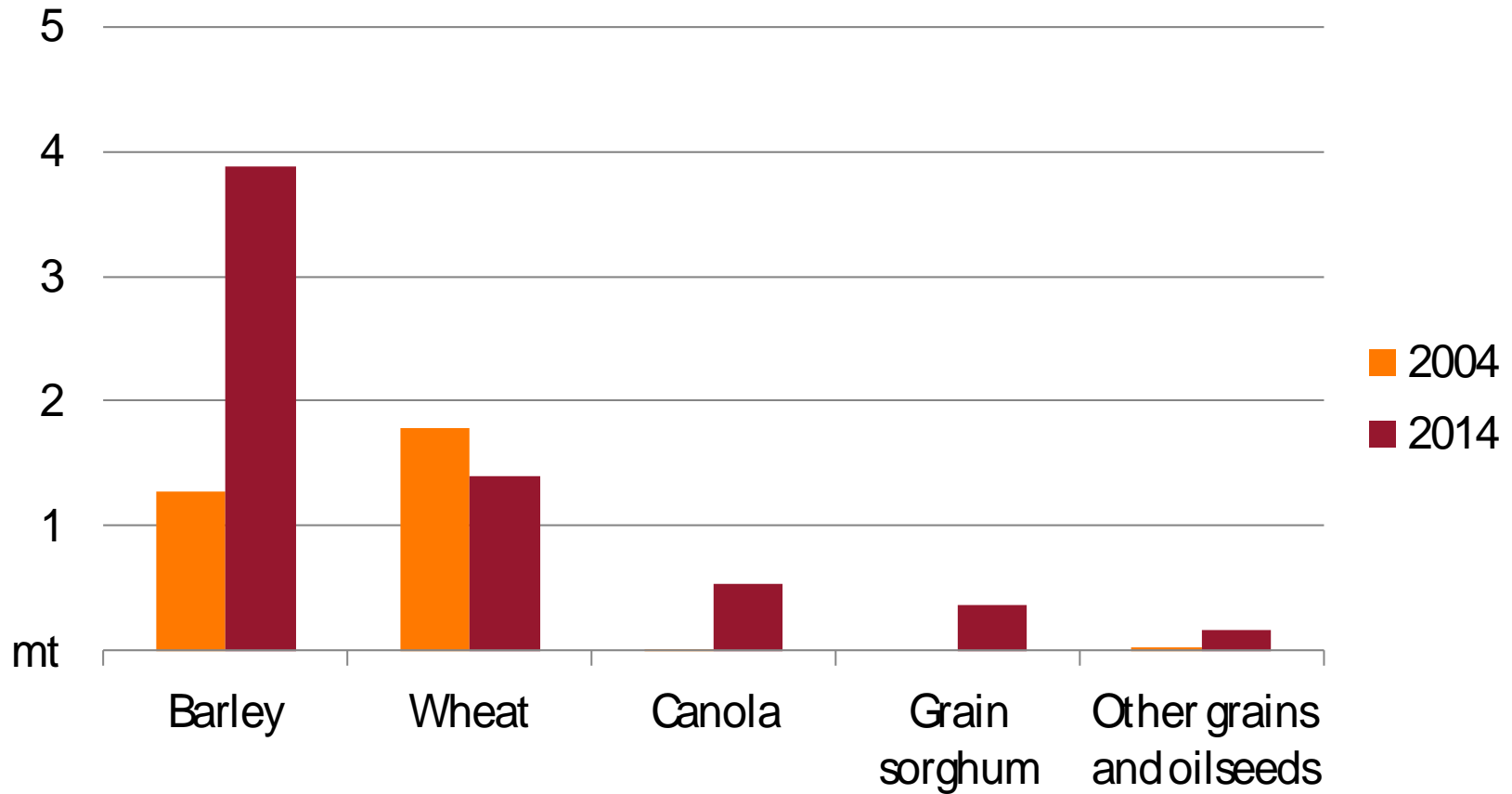
China grain and oilseeds imports by source



China grain and oilseeds imports by commodity



China grain and oilseeds imports from Australia, 2004 and 2014

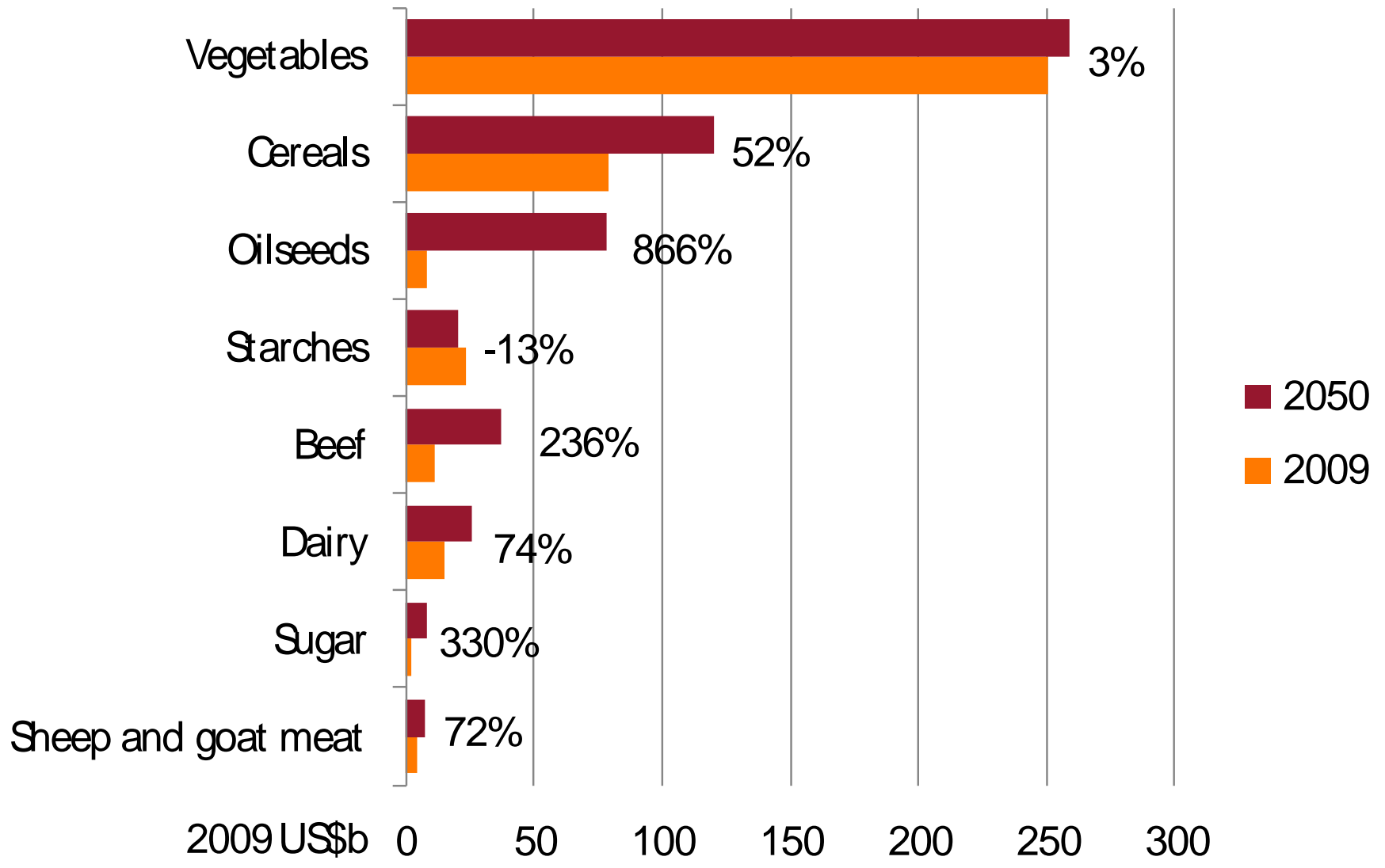


Tariffs and quotas in China

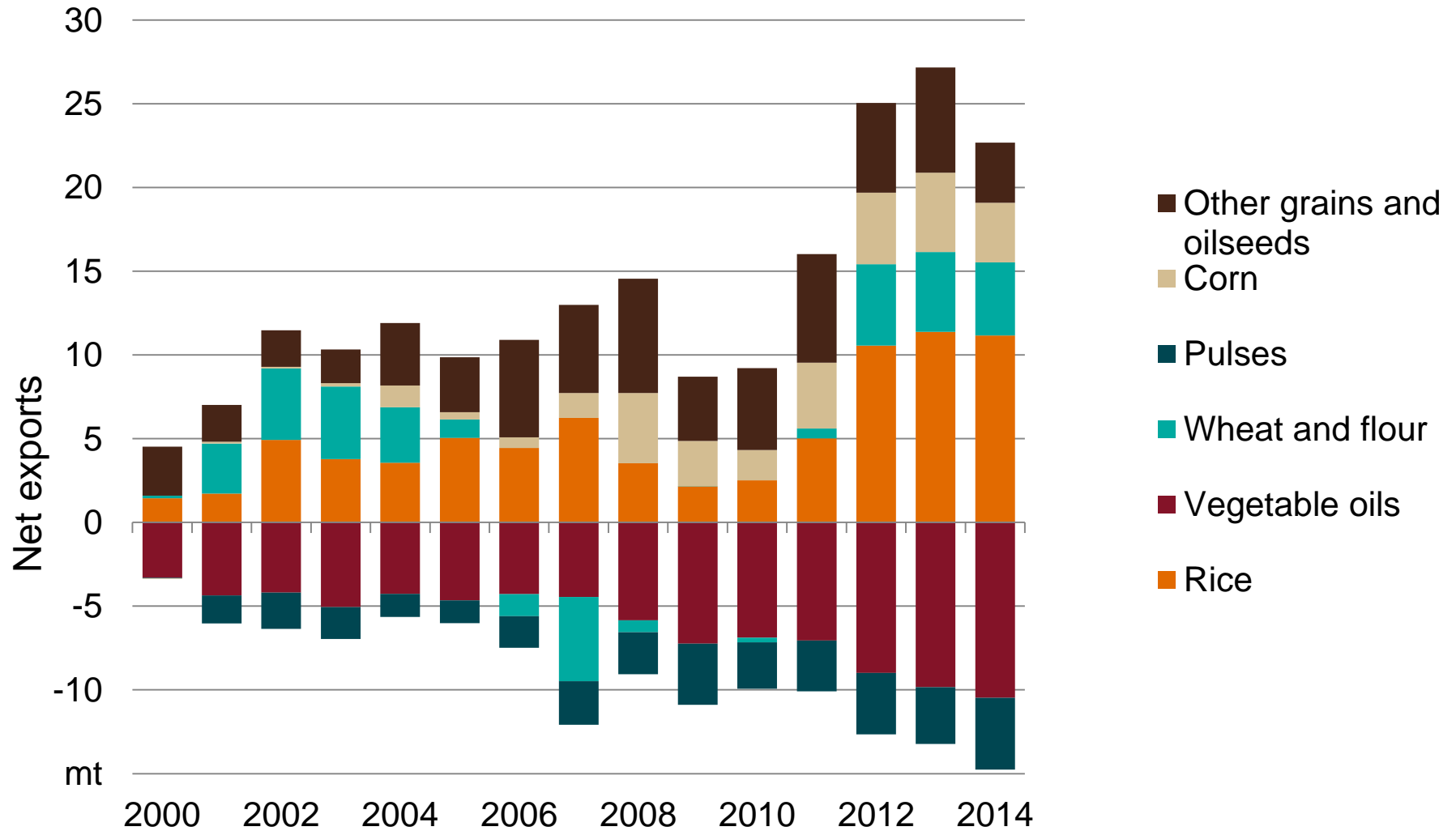
Commodity	Quota level	Share in domestic consumption	In-quota applied tariff	Over-quota applied tariff	State trading allocation
Wheat	9.6 mt	8%	1%	65%	90%
Corn	7.2 mt	3%	1%	65%	60%
Rice	5.3 mt	4%	1%	65%	50%

Commodity	Applied tariff	Tariff under ChAFTA
Sorghum	2%	0%
Barley	3%	0%
Soybeans	3%	3%
Canola	9%	9%

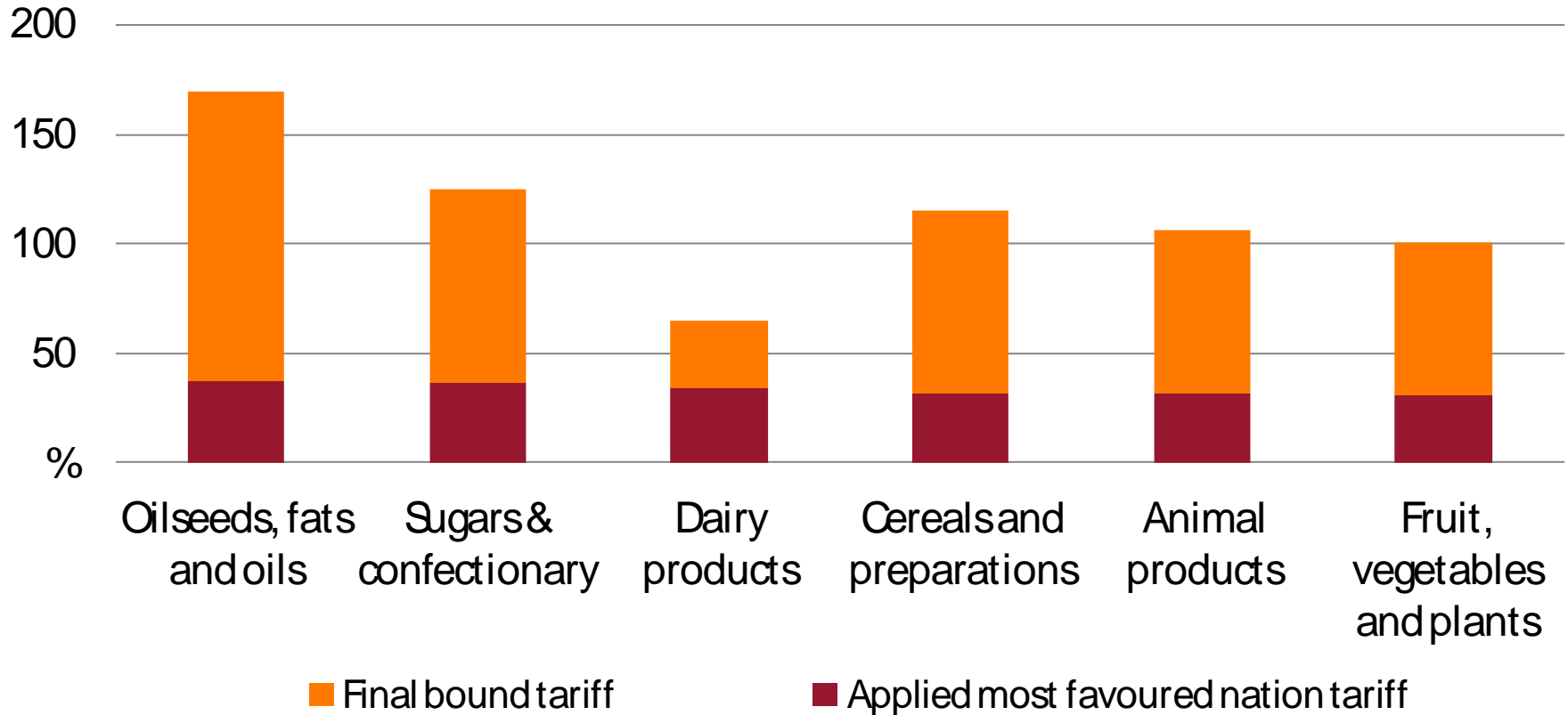
Rise in China's total food consumption



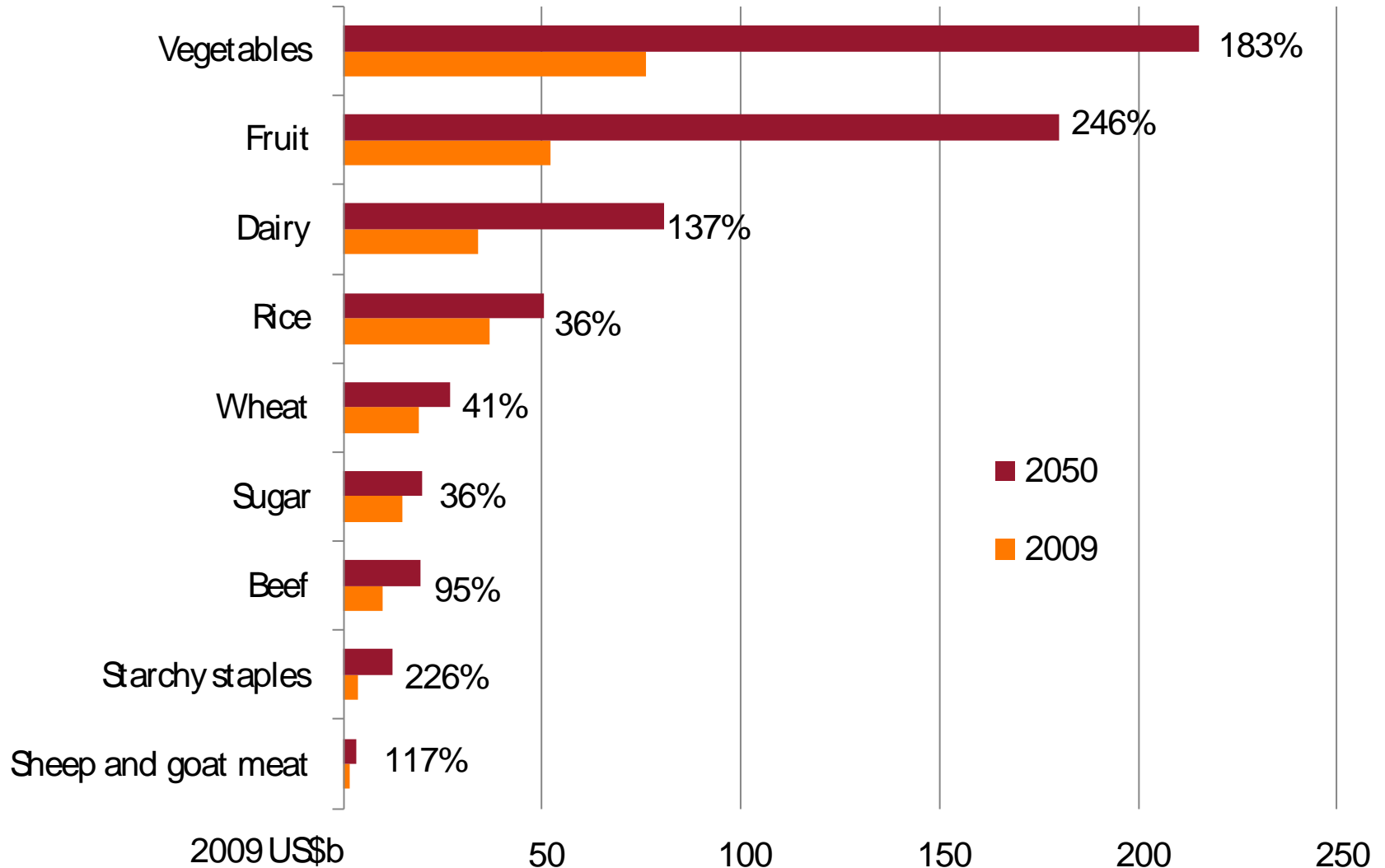
India grain, oilseeds and vegetable oil trade



Agricultural import tariffs in India



Consumption growth of selected agricultural commodities, India



Opportunities and challenges

- Regional trade agreements offer prospect of wider market access opportunities
- The effect on agricultural trade depends on negotiation outcomes
- The regional agreements are not an endpoint, but a beginning



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