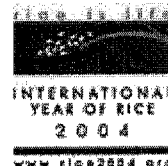




Our Australian Rice Industry
Growing Rice to Feed the World



20th April 2004

Ms Julia Morris
Inquiry Secretary
Joint Standing Committee on Treaties
Parliament of Australia
Parliament House
CANBERRA ACT 2600

Dear Julia,

Proposed Australia-United States Free Trade Agreement

Please find below submission from the Ricegrowers' Association of Australia Inc on the proposed Australia-United States Free Trade Agreement.

Yours truly,

MATT LINNEGAR
EXECUTIVE DIRECTOR

**Joint Standing Committee on Treaties Inquiry
Proposed Australia-United States Free Trade Agreement
Submission of the Ricegrowers' Association of Australia Inc**

The Rice Industry

The rice industry encompasses the Murray Valley of NSW and Victoria and the Murrumbidgee Valley of NSW. Around 130 - 150,000 hectares are sown to rice in October of each year across this region producing an average of 1.2 million tonnes of rice annually. The industry has a farm gate value of around \$350 million and total value (export earnings, value-added) of over \$800 million. Including flow-on effects, it is estimated that the industry generates over \$4 billion annually to regional communities and the Australian economy.

Rice growers have individually invested over \$2.5 billion in land, water, plant and equipment and collectively invested around \$400 million in mill storage and infrastructure through the Ricegrowers' Cooperative Limited (trading as SunRice) and the Rice Marketing Board of NSW. The industry is the backbone for our regional communities generating around 20% of total regional income and 18% of total regional employment.

The rice industry has also invested significantly in environmental improvement and impact reduction as part of its efforts towards better natural resource management and environmental stewardship.

The RGA

The Ricegrowers' Association of Australia Inc (RGA) is the collective voice of rice growers' in Australia. RGA represents over 1700 voluntary members in NSW and Victoria on a wide range of issues.

As much of the Riverina region has been built upon rice, and rice is still the mainstay of many towns today, it is important that RGA members have strong and effective representation. RGA fulfils this role by representing and leading growers on issues affecting the viability of their businesses and communities.

International trade is a vital issue to RGA members and the industry in general. Rice is the most subsidised and protected commodity in the world and therefore it is essential that efforts continue to address the three pillars of international trade reform – market access, domestic support and export subsidies.

Current Status of Australia-US Rice Trade

Prior to the drafting of the proposed Australia-US FTA there was open access for Australian rice into the US and vice versa. This included no duties or tariffs on

imports of Australian rice into the US or imports of US rice into Australia. This situation remains unchanged in the text of the proposed FTA. Despite this there have been only minimal amounts of US rice entering the Australian market and no exports of Australian rice to the US.

This situation may change in the future as production, product innovation and marketing initiatives in both the US and Australia are altered thereby creating opportunity. However on current evidence it would appear that the Australian and US rice industries will remain primarily competitors in third markets.

Support for the Proposed FTA

The RGA is a commodity Council of the National Farmers' Federation and is therefore concerned that the proposed Australia-US FTA has not delivered on all expectations of the Australian agricultural community. The RGA found support for the position of the NFF prior to the commencement of formal negotiations namely that;

"Agriculture must be at the heart of negotiations: A US-FTA must be comprehensive and address trade in all goods and services. Farm trade reform must be at the heart of the Agreement. Regarding this outcome on agriculture: NFF seeks full unimpeded access for Australian agricultural exports to the US. Further, NFF seeks this access up front and not subject to long timelines. Farm trade reform through the WTO remains NFF's clear focus: This is where we think the major gains will be made. In this regard the US FTA needs to add to and not distract from Australia's efforts to progress world trade liberalisation through the WTO. This means getting an outcome on agriculture."

While the current text does not deliver on all aspects of this position the RGA is in support of the proposed Free Trade Agreement. The RGA believes that the deal struck, while not an optimal result for all interested parties, represents a significant opportunity for Australia.

The US is the world's largest economy (approximately one third of the world's GDP). A successful FTA with the US not only represents an opportunity for improved access into this market but also sends a strong signal to other countries engaged in multi-lateral negotiations through the WTO that genuine progress towards reform and liberalisation can be a reality.

This progress is reflected within the text. Specifically two thirds of all agricultural tariffs will be eliminated immediately with a further 9 per cent of tariffs to be cut to zero within four years.

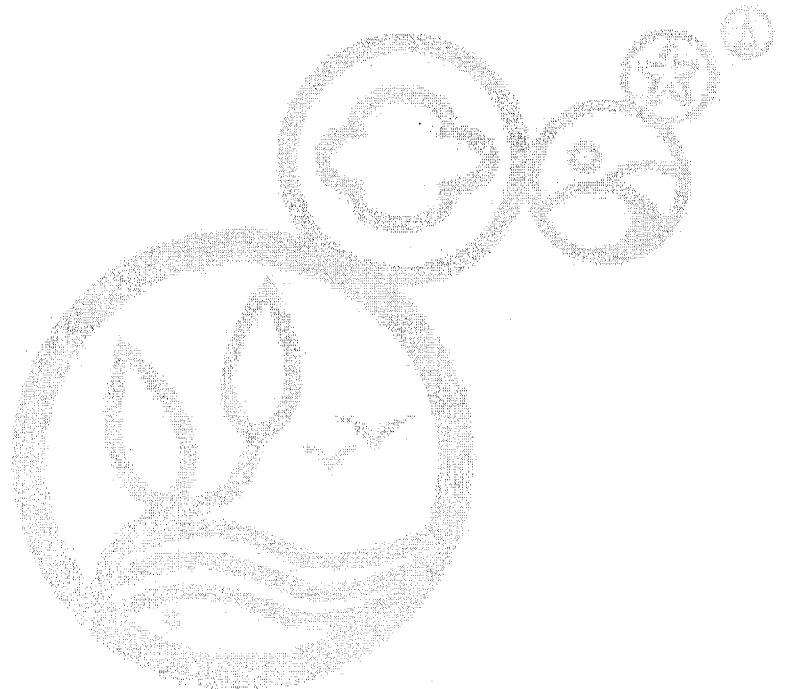
The RGA is pleased that Australia's quarantine and food safety regimes, so vital to protect not only our environment but the rice industry against a range of foreign rice pests and diseases, are not affected by the Agreement.

Preservation of Rice Marketing Arrangements

Most importantly for the rice industry, the RGA commends the Federal Government for its efforts in ensuring that Australia's single-desk arrangements for marketing Australian commodities to the world including rice have been preserved. The industry has maintained from the outset that;

- Our current rice marketing arrangements (under the Marketing of Primary Products Act, NSW) are not trade distorting, have no place in FTA negotiations and should only be discussed within multi-lateral negotiations under the WTO.
- Our current marketing arrangements are competitive, transparent and do not attract direct government support.

That these arrangements have been preserved within negotiations reflects the value placed on these arrangements by the Commonwealth as they relate to export income, competitiveness in an increasingly distorted global market and the sustainability of communities in regional Australia.



RICEGROWERS' ASSOCIATION OF AUSTRALIA INC

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A Commodity Council of the National Farmers Federation