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HUNTBLOG NEWSLETTER

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BRINGING HOME THE BACON

EUROPEAN UNION STYLE

Win-Win for the EU, Lose-Lose for Australia

The European Union floods Australia with tariff-free bacon but plans to hand a big portion of Australia's tariff-free high quality beef EU access to the United States of America

In a shock announcement on the 3rd of September this year that has been largely un-reported in Australian media, the European Union Agriculture Commissioner, Mr Phil Hogan, advised that the Commission is recommending that the EU Council should effectively transfer a huge slice of Australia's highly lucrative tariff-free 481 grain fed beef quota access to the United States of America.

This announcement has been made despite representations made by both the EU and the US, the WTO Dispute Settlement Body in 2009 that the tariff-free 481 EU Beef Quota would not be country of origin discriminatory. In short, Commissioner Hogan has recommended that the EU mandate a vote to increase the US quota to 35,000 tonnes, leaving only 10,000 tonnes of the 45,000 tonne 481 EU Beef Quota to be shared amongst 4 countries.

The European Union 481 Beef Quota is the only tariff-free quota available to Australian beef producers and Australia has been the major supplier to this quota since 2010, supplying some 17,000 tonnes of the 45,000 tonne quota.

Australian industry participants in this EU beef trade say that a reduction of this size to Australian access would render the remaining beef quota access to the EU largely unusable.

The USA has just 14 accredited EU producers and less than 0.15% of their herd is within an EU accredited program. Consequently a large portion of the US designated quota is likely to be unfilled which will result in a reduction in overall global access to the EU; an outcome that Australia should rigorously oppose.

By comparison, Australia has over 3,500 dedicated EUCAS producers. A EUCAS accredited producer in Australia has enormous regulatory start-up costs. The loss of this market would be devastating to cattle producers who have undertaken the costly access accreditation provisions.

Meanwhile the Australian Pork industry is on its knees struggling to survive as a consequence of a flood of cheap imported pre-cooked pig-meat with a shelf life of two years. A flood of pork that includes close to 80,000 tonnes of subsidized bacon coming into Australia each year from the EU, just on 60,000 tonnes of fresh, frozen and processed pork and ham from Canada and a recent flood of pre-cooked imported pork bellies and pork ribs from around the world including New Zealand. As a result almost half of the pork eaten in Australia is produced overseas.

So if Australia's trade negotiators don't step up to the plate, the outcome of the current tariff war games being played out between America and the EU and the rest of the world may be that the Aussies lose the lucrative EU High Quality Beef trade that they have enjoyed for almost a decade to the Yanks; a nation that is not currently in a position to supply it.

As a result, EU cattle producers will get higher prices for their cattle and the cost of beef will go up for EU consumers whilst the price of Australian cattle will fall and European pig farmers will be able to continue to dump subsidised pork into Australia and put Australian pig farmers out of business.

If this happens it will represent a win-win for European farmers and a lose-lose for Australian farmers. Australian farmers should not tolerate such an outcome.

In the middle of this year, Meat & Livestock Australia (MLA) reported that Jason Strong, Chair of the Australia EU-Red Meat Market Access Taskforce was very bullish about the launch of Australia's FTA negotiations with the European Union by the then Prime Minister Malcolm Turnbull and the Australian Minister for Trade, Steve Ciobo. Sources close to those FTA negotiations are now telling HuntBlog that those negotiators are suggesting that Australia should cop the EU sell out of Australian high quality beef exporters to the European Union and try and recover lost ground during the ensuing FTA negotiations that are expected to take up to six years to complete!

Major Australian suppliers of the EU 481 Grain Fed Beef Quota tell HuntBlog that if Australia effectively loses its EU High Quality Beef trade over the next few years it will be very difficult to resurrect that trade; a prediction that is supported by common sense. Blind Freddy would understand how difficult it would be to convince Australian producers to ever re-invest in the EU High Quality Beef trade if they had lost their shirts in that trade in the second decade of the 21st century.

Australian cattle producers should present a united voice and demand that the Australian Government, the Australia-EU Red Meat Market Access Taskforce and MLA stand rock-solid together and do all that is necessary to protect Australia's continuing access to the European Union 481 Grain Fed Beef Quota.

For more information on Beef Cattle issues visit www.huntblog.com.au