

MEDIA RELEASE

Trans-Pacific Partnership: A net positive result

The Australian Sugar Milling Council (ASMC) today welcomed the conclusion of the Trans-Pacific Partnership (TPP) negotiations after more than five long hard years of negotiations.

ASMC CEO, Dominic Nolan, has been at most of the negotiation rounds and Ministerial Meetings over the past few years as part of the Australian Sugar Industry Alliance delegation.

He said the Australian negotiators, and Minister Robb, had done a remarkable job in what was an incredibly complex and difficult process.

“If we look at the positives, building on the Japan-Australia Economic Partnership Agreement with a further decrease in costs to access the Japanese market is a great result”, Mr Nolan said.

“This reduction in fees and charges of some \$25 per tonne will lead to increased trade with Japan, a strategically very important customer for Australian sugar. And with an agreement of this complexity and coverage, there will be trade opportunities along the sugar supply chain that will not be evident until the rules are implemented and businesses are maximising commercial outcomes for value adding products across the TPP countries”.

“If we turn to the United States: this was our key goal, to gain commercially meaningful access to the US market for Australian Sugar.

“Unfortunately, the powerful and protectionist US sugar lobby was successful in ensuring their Government minimised base access, with Australia gaining 65,000 tonnes of new quota access on top of the existing 87,000 tonnes quota. This is a disappointing result for a market with, according to USDA figures, a 4.5 million tonne annual import requirement forecast by 2025.”

“Australia has also achieved a much less certain percentage increase of 23% of any additional annual quota allocation that might be required.”

“According to USDA figures, this could be as high as an additional 300,000 tonnes plus on top of the 152,000 tonnes by 2025. However, this is completely unpredictable year on year, and does not allow long term business relationships to develop based on certainty and consistency.”

“The other unknown in the potential additional quota allocation is the supply of sugar from Mexico each year. Mexico has first option for supplying the sugar, and is expected to continue to expand their industry to meet most of the US import requirements.”

Mr Nolan said “Overall, this agreement is a net positive result for the Australian sugar industry. We certainly were pushing for a substantially better result from the US market, and had hoped for much greater leadership from the United States in this regard”.

He concluded by saying “The US sugar lobby hides behind a policy of ‘zero for zero’, suggesting they will support free access to the US market when the rest of the world liberalises their markets.”

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