

# Murray Valley Citrus Marketing Board



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30 June, 2004

The Convenor  
China FTA Study Taskforce  
Department of Foreign Affairs and Trade  
**BARTON. ACT 0221**

Dear Sir/Madam

## **AUSTRALIA-CHINA FREE TRADE AGREEMENT (FTA) JOINT FEASIBILITY STUDY**

Thank you for providing the Murray Valley Citrus Board (MVCB) with an opportunity to submit its response to the Australia-China Free Trade Agreement Joint Feasibility Study.

The MVCB is aware that a Trade and Economic Framework (TEF) was signed by both Australia and China on 24 October 2003 and that this TEF included an agreement to undertake a joint feasibility study into the opportunities and challenges of a possible FTA between the two countries.

The Murray Valley Citrus Board (MVCB) is a grower funded Statutory Authority, established under complementary legislation by the states of New South Wales and Victoria. The MVCB provides services to approximately 550 citrus growers on both the New South Wales and Victorian sides of the Murray River from the South Australian border to Echuca/ Moama and areas around Kyabram and Wangaratta. Some 43 citrus packers and 6 juice processors service these growers.

Historically 50% of the Murray Valley Navel orange crop is exported and the balance goes to domestic markets and juice processing. With the ever-decreasing Valencia orange crop, approximately 40% is sold into the domestic and export fresh fruit markets while the balance is directed to juice processors.

The goals of the Board are as follows:

- To assist growers and industry partners to be market responsive
- To facilitate a market driven attitude to quality
- To assist growers and industry partners to receive a profitable return from their markets
- To assist members of the industry to be internationally competitive; and
- Facilitate the servicing of export opportunities.

The strategic direction of the MVCB is centred on technology transfer, research and development, area freedom from fruit fly, best practice in crop forecasting, planting statistics and analysis and promotion of best practice in all aspects of citrus production.

The MVCB is aware of submissions to the FTA Joint Feasibility Study by the Horticultural Market Access Committee (HMAC) and Horticulture Australia Ltd (HAL), however has decided to respond to reflect regional issues.

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## **COMPETITION**

Australia is a high cost producer of citrus and receives little to no assistance from government by way of protection against international competition. China on the other hand has a much more competitive labour cost structure (horticulture) and has a competitive advantage over Australia. There is the potential for China to land product in Australia and into our existing markets at below Australia's cost of production irrespective of the counter-seasonal nature of trade between China and Australia. Any negotiation of a FTA should be mindful of this potential outcome.

As mentioned above, we must be internationally competitive, however being a high cost producer we have focused on quality. There are opportunities in China for high quality Australian citrus products, therefore official market access to China is very important to Australian citrus producers. In addition, a more efficient and effective quarantine access approval process would be a very desirable outcome in any FTA negotiations.

## **AGREEMENT DESCRIPTION**

The MVCB has reservations about the establishment of an FTA with China particularly where there is potential for harm to our horticultural industries.

Our desired outcome would be a "preferred trading agreement" (PTA) covering citrus, and our reasons for recommending this course of action are as follows:

- The potential for adverse economic impact of counter-seasonal production being presented to the Australian market at a pricing level that would result in new season sales being unsustainable;
- The impact of over-supply undermining the stability of Australian horticultural markets; and
- Concerns that reciprocal arrangements between a huge economy such as China versus a small economy like Australia is not at the expense of Australia's horticulture viability.

## **MARKET ACCESS**

International Trade Policy resulting in the United States FTA has shown many horticultural products being given access which has subsequently been nullified by quarantine regulations. It is therefore imperative that the outcomes of the feasibility study identify citrus as a viable commodity exempt from quarantine and non-tariff barriers.

MVCB has just participated in a delegation of the Sunraysia Mallee Economic Board to China and is establishing co-operative measures to promote trade and investment facilitation between Australia (Murray Valley) and China (Yunnan Province).

MVCB looks forward to the opportunity of assisting the Australia-China Joint Feasibility Study Taskforce in their evaluation.

Yours faithfully,

**John TESORIERO**  
**Chief Executive**