

23 May 2023

Coordinator
Australia-India Comprehensive Economic Cooperation Agreement
Free Trade Agreements Division
Department of Foreign Affairs and Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221

Re: Second Citrus Australia submission on the Australia-India Comprehensive Economic Cooperation Agreement

Summary

Citrus Australia welcomes the initial reduction of import tariffs on Australian oranges and mandarins from 30 per cent to 15 per cent, implemented under the Australia-India Comprehensive Economic Cooperation Agreement (AI-CECA) in 2022 under a quota-based system. Under the current agreement, a total of 13 700 tonnes of Australian citrus is granted entry under the reduced tariff of 15 per cent (termed Tariff Reduced Quota, TRQ). We implore both parties to negotiate the staged elimination of tariffs on Australian citrus and increase the Tariff Reduced Quota.

Background

Citrus Australia is the recognised industry representative body representing the nation's commercial citrus growers. Our membership also includes other members of the citrus value chain including citrus packers, exporters and distributors. There are currently over 28 000 hectares of citrus plantings spread across Australia with the main growing regions focused around South Australia's Riverland, the Murray Valley region of New South Wales and Victoria, the Riverina region of New South Wales, and the Central Burnett region of Queensland. There are also plantings throughout Western Australia, coastal New South Wales, northern and central Queensland and the Northern Territory. Citrus Australia is supported by six regional committees as well as issues committees — including an Export Market Committee which focuses on enhancing trade volumes and values. The widespread nature of the industry magnifies the importance of the industry on the economic sustainability of rural Australia as a whole. The industry has enjoyed a period of buoyancy over the last decade and this has stimulated a large amount of investment in new plantings and other capital. Production volumes have increased and will continue to increase over the next five years at least. We predict that the production volume will reach 1.2 million tonnes within the next five years. On that basis, it is critical not only that channels to existing markets remain open, but that access conditions be improved to allow the citrus export trade to be optimised.

Trade to India

Trade to India to date has traditionally focussed on smaller sizes and composite grade quality driven by market dynamics and high tariffs — for a very low return. Citrus Australia is investing in developing a market for class-1 fruit, focusing on navel oranges, Afourer mandarins and Murcott mandarins.

In 2011, India amended its phytosanitary conditions for the entry of Australian citrus to allow cold disinfestation to be carried out in-transit. This change was significant, making the trade commercially viable, less risky and more profitable for both sides.

Progress on trade

Citrus Australia is developing opportunities for class-1 Australian citrus fruit in India. An exploratory market visit in 2022, coupled with inbound visits to Australia from the trade sector, has demonstrated that there is a developing, albeit niche market for premium class-1 Australian citrus in India, particularly mandarins.

The current 15 per cent tariff on Australian citrus and Tariff Reduced Quota (negotiated as part of the initial AI-CECA) will assist exporters and importers to increase trade during the 2023 season but it most certainly falls short of making Australia competitive with South Africa and Egypt. The tariff of 15 per cent still remains a major impediment to trade. We seek the staged elimination of tariffs on Australian citrus — with an increase to the volume allowed entry under the Tariff Reduced Quota. This will ensure the profitability of trade for Australian citrus growers and make Australian citrus more affordable to Indian consumers.

Conclusion

Citrus Australia supports the finalisation of the AI-CECA and proposes the staged elimination of tariffs on Australian citrus to India as well as the increase in quota volumes.

Submitted by
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