



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/10/2006

GAIN Report Number: AS6015

Australia

Agricultural Situation

Ag DownUnder Vol. 4

2006

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Report Highlights:

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- * Australia initiates process for allowing imports of U.S. stone fruit
- * The Corish Report – “Creating Our Future: Agriculture & Food Policy for the Next Generation
- * FSANZ issues guide to CoOL, explores feasibility of extending CoOL
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- * Biofuels contracts needed urgently to reach June targets
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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

Under Secretary Penn visits Australia, emphasizes upcoming critical milestone in WTO Negotiations

USDA Under Secretary JB Penn visited Australia February 28-March 5 to deliver remarks on 'Perspectives of WTO Outcomes' at the Australian Agricultural Outlook Conference. In his remarks and throughout his discussions, Dr. Penn emphasized that we are approaching a very critical milestone in the Doha Round negotiations and while he continues to be optimistic, progress must be made quickly to achieve a successful outcome by the April 30 modalities deadline. With regard to the implications the WTO negotiations have for U.S. domestic farm policy, Dr. Penn remarked that the U.S. tabled a bold proposal in the WTO last October that demonstrated that we are serious about cutting domestic support. However, the U.S. made the domestic support offer contingent on significant improvement in market access.

Australia initiates process for allowing imports of U.S. stone fruit

In a positive development, in response to a market access request for the importation of stone fruit (nectarines, peaches and plums) from California and the Pacific North West States (Idaho, Oregon and Washington), Biosecurity Australia has announced that it will consider the access request as a review of existing policies for the importation of cherries from California, Idaho, Oregon and Washington and stone fruit from New Zealand. Allowing the review to be conducted as an extension of existing policy will save several steps in import risk assessment (IRA) procedures. (See GAIN Report AS6012 for further information.)

The Corish Report: "Creating Our Future: Agriculture and Food Policy for the Next Generation"

The recently released Corish report on future directions for Australian agriculture proposes progressive and far-reaching actions on international trade, biotechnology, and quarantine. The report recommends a greater focus on innovation, cutting regulatory red tape and more effective supply chains. With regard to Biotechnology, the report calls for an immediate lifting of the state moratoria on biotechnology as Australia's competitive advantages are threatened by limited adoption of the technology. With regard to Quarantine and Biosecurity, the report proposes the import risk assessment (IRA) process should be streamlined to improve confidence in the system, minimize delays and relieve pressure on quarantine arrangements. (See GAIN Report AS6013 for further information.)

FSANZ issues guide to CoOL, explores feasibility of extending CoOL to products with two or less whole fruit and/or vegetables (AS6011)

Food Standards Australia New Zealand (FSANZ) has developed a new user guide "Country of Origin Labeling of Food", that is designed to help the industry and enforcement authorities to understand Australia's new Country of Origin Labeling standard. The new Country of Origin Labeling of Food Guide is available on the FSANZ website at: http://www.foodstandards.gov.au/srcfiles/CoOL_1st%20Edn-PRINT_with_cover.pdf

From June 8, 2006, unpackaged fruit, vegetables, nuts, and seafood will be clearly labeled with their country of origin, whether that is Australia or another country. Unpackaged pork products will have to have country of origin labeling from December 8, 2006 and the changes to packaged foods, most of which already are labeled, will have to occur by December 2007.

In a related development, FSANZ has prepared a discussion paper on the feasibility of extending the new standard for CoOL to include the names of the countries where the fruit or vegetables were grown for products with two or less whole fruit and/or vegetables. For

example, labeling mixed frozen peas and carrots with the peas coming from Australia and the carrots from China. (See GAIN Reports AS6014, AS6011 and AS5048 for further information.)

AWB: Cole Inquiry to run another two months

Prime Minister Howard has announced a 2-month extension to the Cole Inquiry into the conduct of the Australian Wheat Board (AWB) in the Iraq Oil-for-Food scandal, which now means it will be unlikely the findings will be handed down before the end of May 2006. Originally, the Inquiry was scheduled to hand down its findings on March 31. Some growers have expressed disappointment that the findings will not be handed down until well into the traditional planting season. (Source: Rural Press agricultural division news service)

Estimated returns from wheat pool drop

There is speculation the drop in estimated returns from the 2005-06 wheat pool is the result of the Cole inquiry. AWB, however, has attributed a dip in the 2005-06 national wheat pool to a weakening world hard wheat market. The majority of pay grades in the 2005-06 pool declined A3/t last week, with the estimated pool return (EPR) for the flagship APW variety dropping to A189/t. ProFarmer newsletter has another take on the drop in EPRs for the 2005-06 pool, commenting that there has been trade talk that AWB's shipping program is lagging behind due to missed sales in Iraq and additional storage costs. (Source: Stock & Land, Victoria)

Biofuels contracts needed urgently to reach June targets

There is a growing concern that oil companies are not doing enough to meet their obligations under the Federal Government's ethanol plan. In December 2005, Caltex, Shell and BP all committed to voluntarily implement action plans to help the Government meet its target of 350 million liters of biofuel use by 2010. However, Renewable Fuels Australia (RFA) says there has been little evidence during January and February from the oil companies of the type of substantive fuel contract negotiations that would be required to meet the 2006 target.

"There is growing concern within the biofuels industry that unless forward fuel contracts are entered into by the end of March with biofuels producers capable of supplying the ethanol and biodiesel needed to meet the 2006 and beyond Action Plan targets, the 2006 oil company target will falter and fall in front of the first hurdle," the RFA says. "Such an outcome would not be in the national interest or that of a renewable fuel industry that is trying to establish itself in the Australian transport fuel market. (Source: Rural Press national news bureau, Agricultural Publishing, Canberra)

ABARE Report on China: Developments and Significance for Australia

A new report from ABARE, *Agriculture in China: developments and significance for Australia*, says China's fast economic growth is bringing about significant changes in food demand and is posing challenges for its agricultural industries. The increasing affluence of China's urban consumers has meant that they are moving toward more varied diets, including increased quantities of meat, dairy and seafood products. However, water constraints and land degradation in some regions are placing pressure on China's agricultural production base and it is questionable whether China can continue to fully meet its domestic food requirements as tastes change. The prospect for significant increases in meat production means that there is potential for China to become a large importer of feed grains and to increase its imports of oilseeds. China is also likely to become more dependent on wheat imports, particularly with constraints on agricultural land use. China's demand for dairy products and sugar is

expected to increase more rapidly than production, and increased imports are likely, enhancing the prospects of increased Australian exports to China. With continuing adjustment of China's agriculture toward labor-intensive farming activities, China is likely to become an important competitor on world markets for horticultural and processed agricultural products. (Source: Australian Bureau of Agriculture and Resource Economics (ABARE))

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
5031	Exporter Guide	10/05/05
5032	Country of Origin Labeling Requirements Likely to Change	10/06/05
5035	Export Promotion Programs Annual	11/07/05
5036	Dairy Annual	11/10/05
5037	Dried Fruit Annual	11/10/05
5038	Country of Origin Labeling Changes Accepted	11/21/05
5039	Calcium Fortification of Beverages, Soups & Biscuits Allowed	11/21/05
5040	Australia Free Of PMWS, Invites Government Contacts to Comment	11/21/05
5041	Australian Federal Court Ends Pork Legal Challenge	11/21/05
5042	Citrus Annual	11/23/05
5043	Cotton Quarterly Update	11/29/05
5044	Australia Issues Draft IRA Report for Apples from New Zealand	12/02/05
5045	Top Food Trends in Australia	12/05/05
5046	Nutrition & Health Claims Draft Standard Issued for Comment	12/08/05
5047	New Glycemic Index Food Label System	12/08/05
5048	New Country of Origin Labeling Standard Becomes Law	12/08/05
5049	Australia Prepares for Return of U.S. Beef to Japan	12/15/05
5050	Grain Quarterly Update	12/16/05
5051	Cotton Outlook 2006/07	12/21/05
6001	Fresh Deciduous Fruit Annual	12/28/05
6002	Ag DownUnder, Issue 1	01/13/06
6003	Health Claims & Sugar Content of Fresh Fruit	01/24/06
6004	Livestock Semi Annual	02/08/06
6005	Fine Food 2006 Trade Show – Australia	01/27/06
6006	Ag DownUnder Vol. 2	01/27/06
6007	Comment Period for Proposed Health Claims Standard Extended	02/06/06
6008	Tree Nuts Annual	02/09/06
6009	Ag DownUnder Vol. 3	02/15/06
6010	Cotton Quarterly Update	02/24/06
6011	Comment Sought on Feasibility of Extending Country of Origin Labeling	02/28/06
6012	Biosecurity Australia Begins Assessment of U.S. Stone Fruit for Import	03/08/06
6013	The Corish Report: "Creating Our Future: Ag & Food Policy for the Next Generation"	03/08/06
6014	New Guide Available for Country of Origin Labeling	03/09/06