

**Comprehensive Economic Partnership Agreement
between Australia and the United Arab Emirates**

Submission to Joint Standing Committee on Treaties

January 2025

Introduction

The Australian Dairy Industry Council (ADIC) welcome the opportunity to present this submission to the Joint Standing Committee on Treaties in response to the tabling on 21 November 2024 of the Australia-United Arab Emirates Comprehensive Economic Partnership Agreement (A-UAE CEPA).

We have worked with Dairy Australia in the development of this response.

Dairy is the third largest Australian rural industry and a key sector of the agricultural economy, with a farmgate value of \$6.2 billion and a direct workforce of almost 31,300 across dairy farms and processing. In 2023/24, 32% of milk production was exported, worth around \$3.6 billion. Australia is a significant exporter of dairy products. It ranks fifth in terms of world dairy trade, with a five per cent market share behind New Zealand, the European Union (EU), United Kingdom, and the United States (US).

ADIC is the peak national representative body of the Australian dairy industry, representing the interests of dairy farmers and processors through its two constituent bodies, Australian Dairy Farmers (ADF) and the Australian Dairy Products Federation (ADPF). It aims to create a more prosperous and sustainable future for the local industry and the regional communities that rely on it.

Dairy Australia is the national services body for dairy farmers and the industry. Its role is to help farmers adapt to a changing operating environment, and achieve a profitable, sustainable dairy industry. As the industry's Research and Development Corporation, it is the 'investment arm' of the industry, investing in projects that cannot be done efficiently by individual farmers or companies.

The Australian dairy industry relies heavily on Free Trade Agreements (FTAs) to enhance global competitiveness, diversify markets, and build resilience against economic volatility.

The A-UAE CEPA is a welcome opportunity for the Australian dairy industry, with the removal of 5% tariffs on Australian dairy exports improving cost competitiveness in the UAE— a market worth over \$27 million in 2023/24.

However, to maintain competitiveness, particularly in light of New Zealand's recent FTA with the Gulf Cooperation Council (GCC), we ask that the Australian Government pursues FTA negotiations with the GCC. By securing greater market access and reducing barriers, Australian dairy producers can capitalise on growing demand in this dynamic and high-potential region.

The importance of free trade to the Australian dairy industry

The Australian dairy industry supports Free Trade Agreements (FTAs) that deliver expanded market access outcomes for Australian exporters while balancing the needs and interests of domestic industries. FTAs play an important role in enhancing global competitiveness, diversifying markets, and building resilience against economic volatility, ultimately contributing to broader societal and economic gains. With a significant reliance on exports, the Australian dairy industry actively leverages the opportunities provided by 18 existing FTAs to access global markets, providing significantly greater market opportunity than could be met by the domestic market alone.

The addition of the A-UAE CEPA represents a valuable opportunity for Australian dairy exporters. The removal of the current 5% tariffs on Australian dairy exports will immediately

enhance the cost competitiveness of Australian dairy products in the UAE, a market worth over \$27 million in 2023/24.

Recognising the importance of FTAs in supporting the dairy industry and for trade diversification, the Australian dairy industry commends the Australian Government for efficiently concluding negotiations on the A-UAE CEPA and the assurance that tariffs on Australian dairy exports will be eliminated upon the agreement's entry into force. Additionally, we express our appreciation for the collaborative approach taken by the Department of Foreign Affairs and Trade (DFAT) and the Department of Agriculture, Fisheries and Forestry (DAFF) in ensuring the interests of the dairy sector were represented throughout the negotiation process.

Sustainable agriculture and food systems

We also commend the inclusion of the first-ever standalone chapter on sustainable agriculture in an Australian FTA. This innovative chapter highlights the importance of promoting sustainability in a trade-friendly manner with likeminded partners such as the UAE.

It aligns with the intent and credentials developed through the Australian Dairy Sustainability Framework (ADSF) in place since 2012, with strong commitments and achievements against animal welfare, nutrition, emission reductions and natural resource management.

The Australian dairy industry particularly supports the inclusion of objective 1. (b) of the chapter which states:

'[E]nsure measures relating to sustainable agriculture and food systems are science and evidence based and do not create unnecessary barriers to trade;'

And expanded on in 7.3 (2):

'[E]nsure that measures introduced for environmental or sustainability purposes use science and evidence-based metrics, do not involve excessive compliance requirements or costs, do not constitute a means of arbitrary or unjustifiable discrimination between like domestic and imported goods or a disguised restriction on international trade, and are not more trade restrictive than necessary.'

For future FTA, we do however ask, that industry is adequately consulted to ensure a sustainability chapter best reflect industry needs.

Maximising opportunities with the Gulf Cooperation Council

There are many benefits to the A-UAE CEPA, however, the Australian dairy industry seeks to emphasise the competitive landscape of international trade in which we operate, and its dynamic nature. While the A-UAE CEPA provides a welcome advantage, FTAs are not a panacea; their effectiveness depends significantly on the currency of the comparative advantages held by competing nations. Notably, on 31 October 2024, New Zealand announced the conclusion of an FTA with the Gulf Cooperation Council (GCC), which includes the UAE and other key markets. This development underscores the importance of continuous engagement and advocacy to ensure that Australian dairy exporters remain competitive, both today and into the future, in this dynamic region.

The GCC is an emerging market for Australian dairy exports, representing substantial opportunities for growth and diversification. In 2023/24, the volume of dairy exports to the GCC was 29,610 tonnes, valued at over \$148 million.

The six-member GCC bloc—comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE—accounts for a rapidly growing demand for high-quality dairy products, driven by population growth, urbanisation, and increasing consumer preferences for premium goods. Including all GCC countries in a more comprehensive and substantial FTA would unlock greater market access, reduce trade barriers, and ensure Australian dairy exporters can compete on a level playing field with other major dairy-producing nations such as New Zealand. By expanding the scope of FTAs to encompass the broader GCC region, Australian dairy industry could capitalise on significant trade complementarities and reinforce their position as a preferred supplier in these lucrative markets.

Conclusion

In summary, the Australian dairy industry appreciates the government's efforts in securing the A-UAE CEPA, recognising it as an important achievement.

We remain committed to working collaboratively with the government to ensure Australian dairy exporters are well-positioned to capitalise on the opportunities provided by this agreement. To sustain our global competitiveness in the evolving international trade environment, we look forward to working with the Australian Government on pursuing an FTA with the GCC.

Yours sincerely,



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