

MemberUpdate

UPDATE 17 of 19 • 31 May 2019

TOPIC: Indonesia Feed Grains Tariff Rate Quota

DISTRIBUTION: GTA Members – primary contact list. Please circulate to all appropriate internal parties.

1. Purpose

- To seek input from GTA Members on the management of a proposed Tariff Rate Quota (TRQ) applied on exports of Australian Feed grains under the Indonesia - Australia Comprehensive Economic Partnership Agreement (IA-CEPA).

2. Background

- Australia and Indonesia have entered into a comprehensive economic partnership known as the Indonesia – Australia Comprehensive Economic Partnership Agreement (IA-CEPA). This agreement is still subject to ratification by both Indonesian and Australian Parliaments.
- The IA-CEPA will include the introduction of a volume quota on the export of Feed grain to Indonesia. Feed grain includes wheat, barley and sorghum. The initial quota is for 500kt of Feed grain (annual quotas are provided in the Table following the Text in this Member Update)
- The Australian Government Department of Agriculture and Water Resources (DAWR) is responsible for the management of TRQ. DAWR needs to determine how the volume is allocated to Australian exporters.
- As described in a [DAWR Industry Paper](#) there are three (3) options for consideration to allocate the export volume to Australian exporters. A summary of these follows:

1. First Come, First Served (FCFS)

- Under this arrangement Volume is allocated sequentially upon the completion of a certificate process until all volume is consumed.
- An extension to this option is to allocate the available volumes into portions made available on a quarterly basis.

2. First Come, First Served with High-fill Trigger

- Volumes are allocated sequentially until a percentage of the entire volume has been consumed (for example 85%) prior to a set date.
- Upon the volume threshold being reached all further volume is allocated to exporters based on historical annual export volumes.

3. Allocation System

- Exporters apply for allocated quota/volume entitlements based on historical tonnage exported in previous years.
- Given this is new market access the historical benchmark would need to be determined.

3. GTA Member Input Required

- DAWR has asked GTA to request grain industry feedback on the three options to enable it to prepare processes and systems to manage the introduction of TRQ.
- Option 1 - FCFS is considered by DAWR to be the simplest to implement and will align with current processes in other quota allocations (e.g. beef exports to USA). Whereas the other options require management, ongoing review and will incur additional cost that will be attributed on a user-pays basis.
- GTA Members are asked to consider the options and the potentially impact on the trade of Feed grains to Indonesia and to provide input via Submission.

4. Calling for Submissions

- GTA Members are asked to consider the implications on trade of Feed grain into Indonesia under the three potential options that DAWR may apply.
- Comments and submissions on the preferred methodology for DAWR to apply are sought from GTA Members and other interested parties.
- Submissions should be lodged by emailing submissions@graintrade.org.au and title your email – **TRQ Feed Grain Exports – Indonesia**.
- Submissions should be received by **COB Friday 14 June 2019**.
- A proforma for lodging submissions can be accessed [here](#), noting that submissions do not need to be supported by other GTA Members, however, if they are supported, please indicate on the form.
- Unless marked “confidential” and appropriate supporting reasons are provided, all submissions may be placed on the GTA website for industry review.

5. Annual Volume Applicable under the Proposed TRQ

Table 1: Quantity of the Tariff Rate Quota

Year	Quantity of the Tariff Rate Quota (tonnes)	In-quota tariff	Out-of-quota tariff
1	500,000	0%	AANZFTA rate
2	525,250	0%	AANZFTA rate
3	551,250	0%	AANZFTA rate
4	578,813	0%	AANZFTA rate
5	607,753	0%	AANZFTA rate
6	638,141	0%	AANZFTA rate
7	670,048	0%	AANZFTA rate
8	703,550	0%	AANZFTA rate
9	738,728	0%	AANZFTA rate
10	775,664	0%	AANZFTA rate

END.