

THE LAND

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HD **FTA's spilt milk sends bad trade message to China**
BY ANDREW MARSHALL and DARREN GRAY
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DAIRY farmers have expressed "extreme disappointment" over the new free trade agreement with Japan, labelling it a "dud deal" and "lost opportunity".

Fears are also rising that Australia's decision to accept a soft result on **dairy** import tariffs, despite big hopes for a breakthrough, could send the wrong messages to hard-nosed **Chinese** negotiators when the **China** Free Trade deal is being finalised.

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Dairy exporters will continue to cop tariffs and duties totalling about \$100 **million** a year for Australia's \$511m annual sales to Japan, our second biggest volume market and biggest value **dairy** product destination.

But the boss of **cheese** and **milk** product exporter Bega **Cheese** Barry Irvin (pictured) said it was always going to be hard to break Japan's **dairy** import barriers, even though Australia is its biggest **milk** products supplier.

"It sounds corny, but there's no point in crying over spilt **milk**," said the executive chairman.

"It's disappointing the **dairy** export situation is virtually unchanged - and it will be very disappointing to a lot of Japanese import companies who pay these high tariffs on our products, too.

"But Japan also has a strong domestic **dairy** industry and imports are a sensitive issue."

Bega and its subsidiary **business** Tatura **Milk** Industries have been exporting to Japan for two decades with that market making up a significant portion of the **company's** \$350m a year off-shore sales.

It's long export relationship with the Snow **brand** spawned today's booming **business** in **milk** powder-based nutritional formula products now **sold** across Asia.

Mr Irvin said agriculture was the last of the key areas to be signed off in the trade deal and negotiators had to navigate several key issues which were closely influenced by Japanese national pride - notably **dairy** and rice.

"I think the fact we have managed to get a free trade agreement (FTA) in place is a positive point from which we chip away at expanding **dairy** trade opportunities in the future," he said.

Farmers, however are still bruised by the trade agreement result.

The Australian **Dairy** Industry Council's deputy chairman Robert Poole from Murray Goulburn co-operative said the industry had particularly hoped for a substantial reprieve on tariffs on fresh **cheese** exports to Japan.

"However, it now appears our words fell upon deaf ears," he said.

"This deal sends all the wrong signals to our key trading partners and is particularly troubling in the context of the upcoming FTA negotiations with **China**," he said.

Australian **Dairy** Farmers spokesman Karl Leibich said the pressure was now on Australian officials not to give any ground and get a far better deal from talks with the **Chinese**.

"Japan has turned out to be a dud deal for the **dairy** industry," he said, noting negotiations may have centred on making sure Australia got the best possible agricultural outcome it could from beef tariff concessions.

Acting Prime Minister Warren Truss said trade deals required compromises.

"There always has to be some element of give and take. We can't get everything we would like," he said.

"Clearly, I would like to see all agricultural trade barriers removed and that would be a huge boost to the Australian farm sector."

CO becoop : Bega Cheese Ltd

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