

# Industry <sup>For</sup> 28/5/12 beef over car import tariff

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Australia's embattled beef industry has urged the Gillard government not to risk scuttling a free-trade deal by rejecting Tokyo's demands to scrap the 5 per cent tariff on imported Japanese cars.

*The Australian Financial Review* understands talks between Australia's negotiation team and Japanese officials in Tokyo are close to resolution.

A senior Japanese government source told the AFR on Monday that Tokyo was confident a deal could be done before Australia's federal election in September.

However, Labor is pushing back against Japan's call for Australia to cut remaining tariffs on imported Japanese cars after last week's Ford closure. Japan has offered to widen access for Australian beef producers in exchange for Canberra dropping the car tariff.

Meat & Livestock Australia's **Lachie Hart** and the Australia-Japan Free Trade Agreement Taskforce urged Labor to overlook problems with the car industry and support beef producers.

"We're certainly asking the government to understand that the industry needs some government support through free-trade negotiations," Mr Hart said. A deal with Japan "is a great opportunity for them to do so".

The comments underscore fears within the beef industry that last week's decision by Ford to close its Australian plants would jeopardise the FTA.

## Beef industry is ... just looking for sanity.

Senator Barnaby Joyce

The beef industry is linked to more than 200,000 jobs nationally and generates \$16 billion a year for the economy.

The Labor MP and parliamentary secretary to Prime Minister Julia Gillard, **Andrew Leigh**, told the AFR after a visit to Tokyo last week that tariff cuts "are not going to be on the table".

The remark coincided with an unusually blunt attack by Trade Minister **Craig Emerson** on Sunday on Japan's central bank for flooding its economy with money and driving down the value of the yen.

Ford blamed the high dollar and import competition for its decision to close Australian production in 2016.

Mr Hart said time was running out for both Australia and Japan to clinch a deal, with Japan facing upper house elections in June and Australia slipping into caretaker mode ahead of the federal election.

Opposition spokesman for regional development **Barnaby Joyce** said there was no point in propping up the car manufacturing industry if it compromised the competitiveness of other sectors, such as agriculture.

"The beef industry is not looking for a subsidy, it's just looking for sanity," he said. "The food-processing sector is a much larger employer than any other manufacturing sector in the economy."

Senator Joyce stopped short of saying the government should scrap the tariff on imported Japanese cars but said the talks should not be jeopardised by a knee-jerk reaction to Ford's announcement.

Australian Dairy Farmers president **Noel Campbell** said he became concerned after meeting Japanese politicians and economists in Japan that Australia's government was poised to scrap proposed tariff cuts.

"We think the car issue is a short-term view against what we think could be a longer-term agricultural relationship with the likes of Japan, China and Korea."