

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Australia

**Post:** Canberra

### **Beef Grading Agreement Opens Way for Increased Beef Exports**

**Report Categories:**

Livestock and Products

Trade Policy Monitoring

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**Report Highlights:**

A new international agreement between Australia and Chile has removed a major trade hurdle and opens the way for greater Australian beef exports to Chile.

**General Information:**

A new international agreement between Australia and Chile has removed a major trade hurdle and opens the way for greater Australian beef exports to Chile. A Memorandum of Understanding (MoU) was signed on April 15, 2010 by Australia's Minister for Trade Simon Crean and Chile's Minister for Foreign Affairs, Alfredo Moreno under which Chile will recognize Australia's beef grading system, AUS-MEAT, as meeting the aims and objectives of the Chile beef grading system. This change removes what the Australian industry considers one of the largest barriers facing Australian beef exports to Chile – the cost of employing Chilean beef graders.

The agreement to proceed with a MoU was contained in a side letter to the Australia-Chile Free Trade Agreement (FTA) which entered into force on March 6, 2009. The FTA resulted in elimination of the 6% tariff on beef, lamb, mutton, offal, goat and processed product.

"Given an expected drop in beef supply from neighboring markets such as Argentina and Brazil, Australian exporters are now well-positioned to take advantage of that gap in the market," Minister Crean said.

The Australian meat industry exported 1,703 metric tons of beef products to Chile last financial year, valued at A\$63 million. This represents 92% of total Australian agricultural exports to Chile.

During his recent visit to Latin America, Mr. Crean also signed an MoU with Mexico's Minister for Agriculture, Francisco Mayorga on agricultural cooperation. A similar arrangement was signed with Chile in August last year.

"These cooperative arrangements with Mexico and Chile are forging a strong connection between our governments and agriculture industries, supporting shared research and development in areas including a changing climate, agricultural innovation and biotechnology," Agriculture Minister Tony Burke said.

Mexico and Chile are respectively Australia's second and third largest trading partners in Latin America.

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