Chapter 4

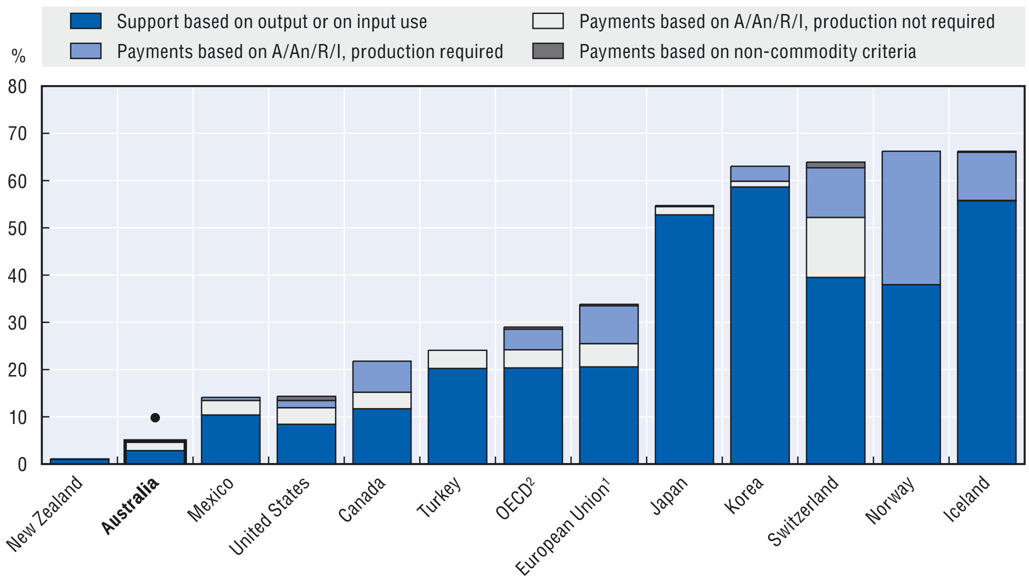
Australia

Evaluation of policy developments

- Overall, there has been substantial progress since 1986-88 in removing policies creating agricultural production and trade distortions. Producer support rose in 2006 as a result of a significant fall in the value of farm production and a small increase in drought related support to farmers due to the most devastating drought on record.
- Reform of the dairy sector has resulted in a substantial reduction of support, improved the economic viability of the sector, and lowered costs to consumers.
- Progress has been made in streamlining drought support measures and shifting policy emphasis towards drought preparedness amongst farmers. This is important as agriculture is particularly vulnerable to the increase in climate variability expected over coming decades.
- Considerable progress has been made in reforming water policies. But rural water reform needs to be accelerated through improving: specification, enforcement and trading of water property rights; determination and pricing of appropriate environmental allocations; and phasing out cross-subsidisation of water usage between urban and rural water users and between different types of agricultural water uses.
- Natural resource and environmental policies have been expanded and strengthened. However, concerns remain including: ongoing declines in soil quality; pressure from sheep and cattle grazing on sensitive habitats; and further declines in the extent, condition and fragmentation of vegetated habitats in some areas.
- While strict sanitary and phytosanitary measures remain and procedures can be lengthy, steps have been taken to improve import risk analysis in order to make the process more transparent, timely and efficient.
- To ensure the continued growth in agricultural production and exports, a key challenge will be to reinforce the economic viability of farming while also providing for the conservation of natural resources and addressing environmental concerns related to farming activities.

Figure 4.1. **Australia: Producer Support Estimate by country, 2004-06**

Per cent of value of gross farm receipts



A (area planted), An (animal numbers), R (receipts) or I (income).

1. EU25. 2. The OECD total does not include the six non-OECD EU member states.

Source: OECD PSE/CSE database, 2007.

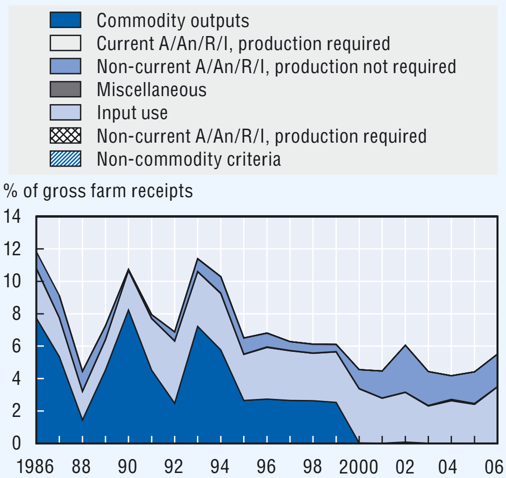
1 2 *http://dx.doi.org/10.1787/073013131387*

Summary of policy developments

Key policy developments in 2005-06 included: additional drought relief; removal of the domestic sugar levy; strengthening of water policy reforms and environmental programmes; improvements to food standard regulations, risk based national system for livestock identification and tracing, and food import risk analysis; and a further extension of the number of countries included under negotiations toward bilateral and regional free trade agreements.

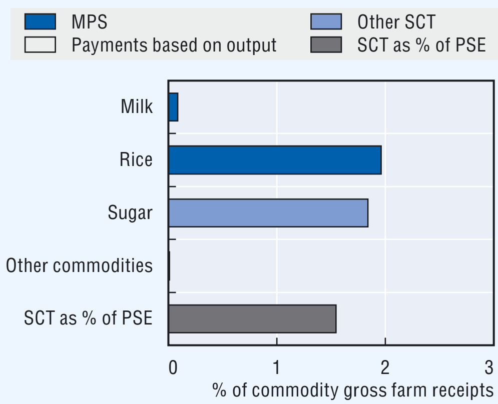
- Producer support (%PSE), decreased from 8% in 1986-88 to 5% by 2004-06 (6%, 2006), compared to a decline in the OECD average over the same period from 38% to 29%. Support rose in 2006 as a result of a major fall in the value of farm production and a small increase in drought relief payments related to the most devastating drought on record.
- Specific Commodity Transfers (SCT) made up 2% of the PSE in 2004-06, a reduction from 52% in 1986-88. Support is highest for rice and sugar.
- A large share of producer support is accounted for by *Fuel Tax Credits*, which represented 29% of support in 2004-06.
- Domestic producer prices have been closely aligned with world prices since 2001, compared to 1986-88 when they were 5% higher. This compares to the OECD average with producer prices 25% above world prices in 2004-06.
- The cost imposed on consumers from agricultural policies (%CSE) declined from 8% in 1986-88 to 2% by 2004-06 (2%, 2006), in particular, reflecting reduction in support to milk.
- Support for general services accounted for 29% of total support in 2004-06 (28%, 2006), compared to 18% in 1986-88. The change is mainly due to higher infrastructure and research and development expenditures.
- The total cost to the economy of support as a share of GDP (%TSE) fell from 0.7% in 1986-88 to 0.2% by 2004-06 (0.2%, 2006), around a third of the OECD average.

Figure 4.2. **Australia: PSE level and composition by support categories, 1986-2006**



1 2 *http://dx.doi.org/10.1787/073080082748*

Figure 4.3. **Australia: Producer SCT by commodity, 2004-06**



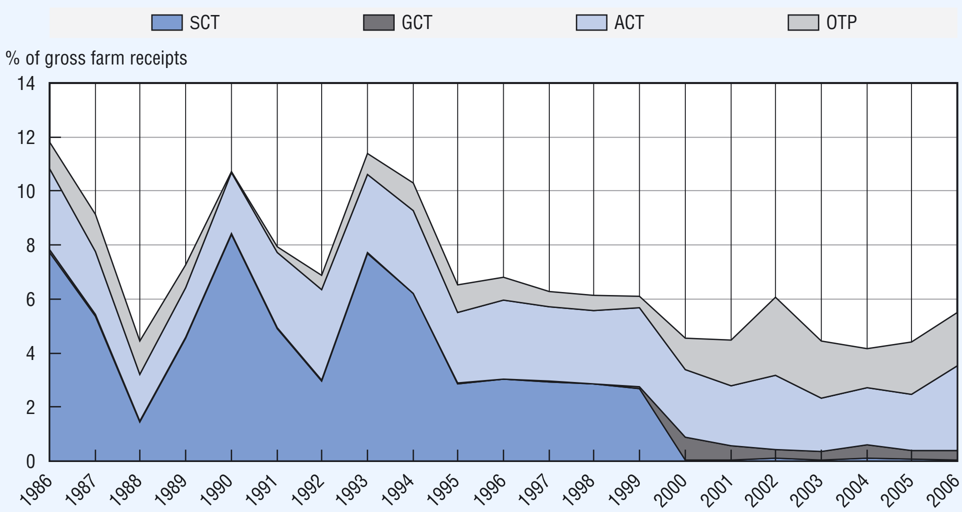
1 2 *http://dx.doi.org/10.1787/073105041455*

Box 4.1. **Australia: Commodity-Specificity of Support**

Single Commodity Transfers (SCT) made up 2% of the PSE in the 2004-06 period, a reduction from 52% in 1986-88. Over this period while support has been highest for rice, sugar and milk, it has been reduced significantly.

Group Commodity Transfers (GCT), where producers have the option to produce any one of a specified group of commodities as part of programme eligibility, made up 9% of the PSE in 2004-06, an increase of 1% from 1986-88. Transfers provided under the headings All Commodity Transfers (ACT) and Other Transfers to Producers (OTP) place no restrictions on commodities that farmers choose to produce or do not require any commodity production at all.[1] Together they comprised 89% of the PSE in 2004-06, up from 47% in 1986-88. These changes have to be viewed against an overall reduction in the %PSE from 8% in 1986-88 to 5% by 2004-06.

Figure 4.4. **Australia: PSE level and commodity specificity, 1986-2006**



Source: OECD PSE/CSE database, 2007.

1 2 *http://dx.doi.org/10.1787/073146850066*

1. The definition of the categories SCT, GCT, ACT and OTP are provided in the Chapter I.3 of this report including an annex with the list of groups used in specific countries in the period 1986-2006.

Table 4.1. **Australia: Estimates of support to agriculture**

AUD million

	1986-88	2004-06	2004	2005	2006p
Total value of production (at farm gate)	**19 904**	**35 306**	**35 894**	**38 579**	**31 446**
Of which share of MPS commodities (%)	*86*	*83*	*83*	*84*	*81*
Total value of consumption (at farm gate)	**6 202**	**12 234**	**11 445**	**12 075**	**13 182**
Producer Support Estimate (PSE)	**1 675**	**1 726**	**1 563**	**1 779**	**1 834**
Support based on commodity output	939	7	8	8	4
Market Price Support	939	7	8	8	4
Payments based on output	0	0	0	0	0
Payments based on input use	484	1 034	980	967	1 155
Variable input use	306	649	584	604	759
Fixed capital formation	5	164	204	147	142
On-farm services	173	221	191	216	254
Payments based on current A/An/R/I[1] production required	3	15	17	18	10
Of a single commodity	0	9	11	12	4
Of a group of commodities	0	0	0	0	0
Of all commodities	3	6	6	6	6
Payments based on non-current A/An/R/I[1] production required	0	6	14	4	0
Payments based on non-current A/An/R/I[1] production not required	250	663	544	782	665
Variable rates	250	426	429	517	331
Fixed rates	0	238	114	265	334
Payments based on non-commodity criteria:	0	0	0	0	0
Long-term resource retirement	0	0	0	0	0
Specific non-commodity output	0	0	0	0	0
Other non-commodity criteria	0	0	0	0	0
Miscellaneous payments	0	0	0	0	0
Percentage PSE	**8**	**5**	**4**	**4**	**6**
Producer NPC	**1.05**	**1.00**	**1.00**	**1.00**	**1.00**
Producer NAC	**1.09**	**1.05**	**1.04**	**1.05**	**1.06**
General Services Support Estimate (GSSE)	**371**	**612**	**610**	**613**	**614**
Research and development	130	349	347	349	350
Agricultural schools	0	0	0	0	0
Inspection services	89	99	100	98	98
Infrastructure	62	140	138	141	140
Marketing and promotion	49	8	8	8	9
Public stockholding	0	0	0	0	0
Miscellaneous	41	17	16	17	17
GSSE as a share of TSE (%)	**18.1**	**28.8**	**31.3**	**28.1**	**27.5**
Consumer Support Estimate (CSE)	**–493**	**–222**	**–229**	**–214**	**–224**
Transfers to producers from consumers	–493	–4	–5	–5	–3
Other transfers from consumers	0	–3	–2	0	–7
Transfers to consumers from taxpayers	0	–215	–223	–209	–214
Excess feed cost	0	0	0	0	0
Percentage CSE	**–8**	**–2**	**–2**	**–2**	**–2**
Consumer NPC	**1.09**	**1.00**	**1.00**	**1.00**	**1.00**
Consumer NAC	**1.09**	**1.02**	**1.02**	**1.02**	**1.02**
Total Support Estimate (TSE)	**2 047**	**2 123**	**1 950**	**2 183**	**2 234**
Transfers from consumers	493	7	7	5	10
Transfers from taxpayers	1 554	2 118	1 945	2 179	2 231
Budget revenues	0	–3	–2	0	–7
Percentage TSE (expressed as share of GDP)	0.70	0.23	0.23	0.23	0.22
GDP deflator 1986-88 = 100	100	170	162	170	177

p: provisional. NPC: Nominal Protection Coefficient. NAC: Nominal Assistance Coefficient.

1. A (area planted), An (animal numbers), R (receipts) or I (income).

MPS commodities for Australia are: wheat, other grains, rice, oilseeds, sugar, cotton, milk, beef and veal, sheepmeat, wool, pigmeat, poultry and eggs.

Source: OECD, PSE/CSE database, 2007.

1 2 *http://dx.doi.org/10.1787/075077155624*

Description of policy developments

Main policy instruments

Agricultural support is mainly provided by budget-financed programmes as well as through some regulatory arrangements and tax concessions. Budgetary financed programmes, such as *Agriculture-Advancing Australia, Natural Heritage Trust* and the *National Water Initiative*, are largely used for structural adjustment and for natural resource and environmental management. There are some statutory and regulatory arrangements (mainly at state level) that allow for export control of a few commodities, including wheat, barley, rice, lupins and canola in certain states. Commonwealth (national) tax arrangements are risk-management tools which allow primary producers to manage the tax implications of fluctuating incomes. Consumers of diesel fuel, including farmers and other primary producers, receive grants and rebates on excise taxes on fuel used for off-road vehicles and machinery.

Landholders can claim accelerated depreciation for investments relating to land and water conservation, aimed at improving natural resource management. Expenditure on research and development is financed largely by funds collected through industry levies, supplemented by funding from the Commonwealth budget. In exceptional circumstances (*e.g.* droughts and floods) Commonwealth and state governments can provide a range of assistance measures. Tariffs protect producers of certain types of cheese, unprocessed tobacco, and processed fruit and vegetables.

Domestic policy

In March 2005, an independent ***Agriculture and Food Policy Reference Group*** was commissioned by the government to review agriculture and food policies and the changes needed to improve performance over the next 10-20 years. The Group's report *Creating our Future: Agriculture and Food Policy for the Next Generation* (*www.agfoodgroup.gov.au/next_generation.html*) February, 2006, identified a number of key elements to improve performance including: placing greater emphasis on innovation in production and marketing, underpinned by research and development; focusing policies to achieve greater self-reliance of business operators; reducing the regulatory burden on business; and developing a partnership approach between businesses and Commonwealth and state governments. The government has accepted many of the report's 55 recommendations and will outline the next steps in a government policy statement to be issued during 2007.

Since 2002, the national economy, and especially the agriculture sector, has been affected by one of the most ***extensive and devastating droughts*** on record. The drought caused a 70% fall in the net value of farm production between 2001-02 and 2002-03 and a reduction in the rate of economic growth of 1%. Although there was some recovery in seasonal conditions the following year, drought conditions again worsened, particularly in the south-eastern part of the mainland, where more than 92% of producers in New South Wales, Victoria and South Australia reported below average or drought conditions. The Australian Bureau of Agricultural and Resource Economics (ABARE) has forecast that the gross value of crop and livestock production will fall by 35%, or AUD 6.2 billion (USD 4.7 billion), between 2005-06 and 2006-07 and estimated the drought will reduce the national economic growth rate in 2006-07 by around 0.7% from what would have otherwise been achieved.

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With the drought, relief under the ***Exceptional Circumstances Relief Payment Scheme*** (ECRP) totalled around AUD 1.25 billion (USD 0.93 billion) between 2002 and January 2007. Nearly a half – AUD 560 million (USD 420 million) – of the drought relief under the ECRP was provided to farmers for the 2006-07 drought as income support in the form of social security payments, small business assistance, business interest subsidies, personal counselling and other support programmes. The government is currently working towards reforming drought policy through negotiations with state governments.

The implementation of the 2004 ***National Water Initiative*** (water policy reform programme) continued over 2005 and 2006, including improvements to water resource accounting, and measuring and metering of water, which will facilitate the development of water trading markets. Under the *Water Smart Australia* programme, AUD 336 million (USD 257 million) has been committed from 2005 to 2009 for projects to support installation of water pipelines to agricultural areas, wastewater recycling and improved water management. The total value of these projects, including contributions from state governments and others, will be AUD 915 million (USD 700 million).

Both the severe drought and water policy reforms has focussed national attention on water. This includes a proposal for a *National Plan for Water Security* (Box 4.2).

In November 2006, the ***Report of the Inquiry into certain Australian companies in relation to the UN Oil-For-Food Programme***, the Cole Report, was released (*www.offi.gov.au)*. The inquiry was established by the government in November 2005 to examine possible legal breaches by several Australian companies, including *AWB International Ltd.* (AWBI). The Cole Report set out a range of findings and as recommended, in December 2006, the government announced the establishment of a task force of relevant government agencies to consider possible prosecutions in consultation with the Commonwealth Director of Public Prosecutions.

In December 2006, the government implemented ***temporary changes to the bulk wheat export marketing arrangements,*** effective until 30 June 2007, although this does not remove the export single-desk arrangements (*i.e.* export monopoly). These changes are intended to provide greater flexibility during the drought affected 2006-07 harvest, and provide time for the government to review its long-term wheat export marketing arrangements. The legislation transfers AWBI's right to veto bulk wheat export applications by other traders to the Minister for Agriculture, Fisheries and Forestry. These changes do not amend the functions or objectives of the Wheat Export Authority (WEA) and AWBI remains exempt from the WEA's export controls. The temporary changes mean that the WEA will need to seek the agreement of the minister before approving or rejecting an application for bulk exports, taking into account the public interest.

Reform of the sugar industry under the ***Sugar Industry Reform Program*** (SIRP), which provides funding of AUD 444 million (USD 326 million) over 5 years (2004 to 2009) continued over 2005-06 (see *Agricultural Policies in OECD Countries: Monitoring and Evaluation, 2005*). The levy on domestic sugar sales, including imported sugar, introduced in January 2003 to partly fund the SIRP, was abolished in November 2006 to offset rising input costs for sugar refiners. Between 2003 and 2006 the AUD 3 cents (USD 2 cents) per kilogram levy raised about AUD 80 million (USD 58 million).

Support of between AUD 40-45 million (USD 30-34 million) will be provided in 2007 under the ***Tobacco Grower Adjustment Assistance Package***. The purpose of the support is to provide adjustment assistance for former tobacco growers to re-establish themselves in

Box 4.2. Australia: Proposed National Plan for Water Security

In response to the ongoing and most extensive and devastating drought on record the Prime Minister announced in January 2007 a proposal for a AUD 10 billion (USD 7.5 billion) ***National Plan for Water Security.*** The Plan seeks on a national scale to secure long-term water supplies, improve water efficiency and address the over-allocation of water in rural areas. The 10-point plan more specifically aims to:

1. provide investment in irrigation infrastructure to line and pipe major delivery channels;
2. improve on-farm irrigation technology and metering;
3. share water savings on a 50/50 basis between irrigators and the Commonwealth to enhance water security and environmental flows;
4. address over-allocation of water entitlements in the Murray-Darling Basin (MDB);
5. establish a new set of governance arrangements for the MDB;
6. place a sustainable cap on surface and groundwater use in the MDB;
7. undertake major engineering work at key MDB sites;
8. expand the role of the Australian Bureau of Meteorology to provide the necessary water data to improve decision making by governments and industry;
9. create a taskforce to explore future land and water development in Northern Australia; and,
10. complete the restoration of the Great Artesian Basin.

The Plan's implementation is conditional on the acceptance of the proposal to move the powers to manage the MDB from state governments to the Commonwealth, which is viewed by the Commonwealth as essential to speed up the process of the current water policy reforms. The Plan's funding over a 10-year period includes: some AUD 6 billion (USD 4.5 billion) for improvement to irrigation infrastructure and river delivery systems; around AUD 3 billion (USD 2.3 billion) to assist irrigators and their communities adjust to reductions in water allocation entitlements; AUD 0.6 billion for Murray-Darling Basin Commission reform; almost AUD 0.5 billion (USD 0.4 billion) for the Bureau of Meteorology to improve information of water; and the remainder for other parts of the Plan.

alternate economic activities, either by moving to other activities on their existing farm or re-establishing themselves off-farm.

Various **environmental programmes** relevant to agriculture were continued over 2005 and 2006, including the Natural Heritage Trust, National Action Plan for Salinity and Water Quality, the National Landcare Programme (see *Agricultural Policies in OECD Countries: Monitoring and Evaluation*, 2003 and 2005). The Murray-Darling Basin Ministerial Council approved the Asset Environmental Management Plans for six ecological assets identified through the Living Murray Initiative, and AUD 37 million (USD 29 million) was provided in January 2006 to recover an average 145 gigalitres of water annually to achieve the environmental objectives identified under the Plans.

The Australian National Audit Office reviewed in 2006 the ***regulation of pesticides and veterinary medicines*** by the Australian Pesticides and Veterinary Medicines Authority (APVMA) (*www.anao.gov.au/*). The Audit Office made recommendations to improve the

APVMA's monitoring, reporting and registration processes all of which were accepted by the APVMA to help strengthen the current system.

The ***Defeating the Weed Menace*** (DWM) programme was launched in 2005 and directs over AUD 44 million (USD 34 million) during 4 years to support coordinated and strategic action against the menace of weeds nationally. The DWM programme supports regionally based on-ground weed management actions and nationally strategic activities including: national coordination activities, national level research and education and awareness.

In August 2006, the Commonwealth and state governments released the ***National Agriculture and Climate Change Action Plan 2006-09***. The Action Plan identifies four key areas to manage multiple climate change risks to agriculture:

1. Adaptation – to build resilience into agricultural systems.
2. Mitigation – to reduce greenhouse gas emissions from agriculture.
3. Research and development investment – to enhance capacity in R&D and innovation to address the challenges of climate change in agriculture.
4. Awareness and communication – to improve the understanding of climate change issues by agricultural industries and rural communities to enable informed decision making.

Following the release of the ***Biofuels Action Plan*** (*www.pmc.gov.au/biofuels/*) in December 2005, the government reaffirmed that it will develop a domestic biofuels sector capable of contributing at least 350 megalitres to the national fuel supply chain by 2010. Current initiatives to encourage biofuels include: reduced taxes compared to fossil fuels; providing ethanol production grants; and AUD 38 million (USD 29 million) under the Biofuels Capital Grants Programme to fund one-off capital grants for projects that provide new or expanded biofuels production capacity.

The government agreed in October 2005 to a nationally consistent definition of threshold levels for the unintended presence of ***genetically modified (GM) material*** in canola grain and seed. The threshold level for canola grain is 0.9% for the 2006 and 2007 seasons, and for canola seed 0.5%.

In 2006, additional funding for the ***Rural Financial Counselling Service*** (RFCS) Programme was provided of almost AUD 10 million (USD 7.5 million) over two years. The extra funding aims to help primary producers, fishermen and small rural businesses identify ways to become self-reliant and better equipped to manage change and adjustment.

The ***Industry Partnership Programme*** commenced in July 2005 over 3 years as part of the *Agriculture-Advancing Australia* package with funding of AUD 15 million (USD 11 million). The Programme aims to assist partner industries at the national level to build their structural, human and strategic capacity, and to develop strategies to respond to existing and potential opportunities and threats.

Further effort was made to improve food industry competitiveness. Under the five year, *National Food Industry Strategy* (started July 2002), an additional AUD 12 million (USD 9 million) was provided in 2005 for the *Food Innovation Grants,* designed to assist the food industry to improve its competitiveness through improvements in: innovation; the business environment; sustainability; and international market development. The *New Industries Development Program*, with funding of over AUD 34 million (USD 25 million) to 2010, helps farmers and the agro-food industry turn innovative business ideas into profitable ventures through merit-based grants, scholarships and learning tools.

In January 2007, the government launched an independent review to examine ways to streamline food regulations to make them more nationally consistent, following the findings of the *Taskforce on Reducing Regulatory Burdens on Business*. The review will examine outstanding issues on the consistent application of food laws; levels of enforcement across jurisdictions; and the role of the Australian government in the food regulatory system.

The Commonwealth and state governments agreed in 2003 to a **risk-based national system for livestock identification and tracing** (NLIS) (see *Agricultural Policies in OECD Countries: Monitoring and Evaluation*, 2005). The Commonwealth government provided a further AUD 20 million (USD 15 million) from 2004/05 to 2007/08 to assist with the national implementation of the NLIS. Of this total, AUD 15 million (USD 11.3 million) has been allocated to the cattle industry with the remainder assigned to other livestock industries (*e.g.* sheep, goats and pigs). In January 2006, AUD 1.2 million (USD 0.9 million) has been provided over three years to help the pork industry to develop and implement the NLIS. The NLIS became a mandatory requirement for all cattle produced in June 2005, and for all sheep and goats born after 1 January 2006. The Commonwealth government is also providing additional resources to **strengthen defences against bird flu,** with an additional AUD 44 million (USD 33 million) over three years, starting from 2006-07.

Trade policy

A ***country of origin labelling standard*** requires packaged food and unpackaged fresh and processed fruit, vegetables, nuts, seafood and pork, to be distinctly labelled with the country of origin. The standard took effect from June 2006 for unpackaged fruit, vegetables and seafood, from December 2006 for unpackaged pork, and will take effect in December 2007 for packaged food.

Following efforts to ***improve animal welfare for live animal exports*** the *Australian Animal Welfare Strategy* was implemented in 2006 for Australia to share its experience with trading partners and international fora, particularly the World Organisation for Animal Health (OIE) in the development of international animal welfare guidelines. The government has continued to implement a range of measures aimed at improving animal welfare aspects of live export trade, and this includes a requirement to comply with the *Australian Standards for the Export of Livestock* (the Standards). Further revisions of the Standards were undertaken in 2006, including improving animal welfare conditions in the live export trade to the Middle East with funding of AUD 11 million (USD 8 million), of which AUD 4 million (USD 3 million) is investment to help improve animal welfare practices in importing countries and to upgrade their handling procedures.

Changes to the ***import risk analysis*** (IRA) process, under *Biosecurity Australia* (BA), will take effect in 2007 and include: improved consultation with stakeholders; timeframes for the completion of IRAs; scope for scientific scrutiny; and improved processes for receiving and prioritising import requests. The government also provided nearly AUD 8 million (USD 6 million) over five years from 2006 to establish the *Australian Centre of Excellence for Risk Analysis* (ACERA) to build on the capacity to use the best analytical tools available for risk analysis, not just in quarantine but more generally, drawing on expertise in Australia and from overseas. ACERA is working on a range of projects looking at the methods and practice of risk analysis, such as biosecurity framework development and qualitative modelling.

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Building on ***bilateral and regional free trade agreements*** (FTAs) with many key trading partners, agreements on market access and negotiations for additional FTAs and Memorandums of Understanding (MoU) were started between Australia and the following countries or regional groupings:

- ***China:*** negotiations were launched in April 2005, following the consideration of a joint FTA feasibility study. The seventh round of discussions for an FTA were held in December 2006, which marked the beginning of market access negotiations as Australia and China tabled their requests and offers on market access for goods (including agriculture) and lists of barriers affecting market access requests on a range of services. In addition, a four-year AUD 5.5 million (USD 4 million) *Australia China Agricultural Technical Co-operation* programme was announced in 2006, to strengthen bilateral relationships in agriculture. This includes the sharing of expertise in areas such as agricultural development, management of supply chains, quarantine, rural adjustment and the environment.
- ***Japan:*** on 12 December 2006, Australia and Japan agreed to commence formal negotiations on an FTA in 2007, following a joint government study which concluded that a comprehensive and WTO consistent FTA would bring significant benefits to both countries.
- ***Korea:*** access to the Korean rice market was agreed in 2004 with an annual quota of 9 030 tonnes for the next decade, with the first imports under the quota received in 2006. A joint private sector FTA feasibility study was announced in December 2006 and is expected to be concluded toward the end of 2007.
- ***Malaysia:*** negotiations on an FTA were announced in April 2005, and a MoU was signed in March 2006 on broad based agricultural co-operation between the two countries.
- ***Australia, New Zealand and ASEAN:*** negotiations for an FTA between Australia, New Zealand and ASEAN, started in November 2004 and are due for completion during 2007.
- ***Turkey:*** a MoU was signed in December 2005 which proposes exchange of scientific and technical information, research reports and experts, agricultural trade and investment related activities, and other joint activities. In June 2006, a *Breeder Cattle Protocol* was agreed to facilitate the export of cattle from Australia to Turkey.
- ***Chile:*** following an approach by Chile in late 2006, Australia has agreed to explore the feasibility of commencing negotiations for an FTA with Chile in the first half of 2007.
- ***Mexico:*** in December 2006, the terms of reference were agreed for the Joint Experts Group (JEG) between Australia and Mexico. The first meeting of the JEG will occur in 2007, with the group's main consideration being to strengthen the bilateral relationship including the consideration of the possible benefits and implications of progressing with an FTA.
- ***Gulf Co-operation Council (GCC):*** following a decision by the United Arab Emirates (UAE) that the Australian FTA negotiations with them be incorporated into a wider GCC FTA, investigations started in 2006 on an FTA with GCC nations (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), and negotiations are expected to commence in 2007. In 2006, Australia assisted the GCC in developing a regional strategy, *GCC Regional Strategic Plan on Animal Handling and Transport Arrangements*. The strategy focuses on ensuring the health and welfare of all animals in the GCC countries is promoted and protected by the development and adoption of sound welfare standards and handling practices. Australia is facilitating the development of an implementation plan to help the GCC countries apply these measures.